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TO
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OF
THE HOUSE OF REPRESENTATIVES
FOR THE
SECOND SESSION OF THE FORTY-THIRD CONGRESS.

1874-'75.

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INDIAN APPROPRIATION BILL.

FEBRUARY 27, 1875.—Recommitted to the Committee on Appropriations and ordered to be printed.

Mr. GARFIELD, from the Committee on Appropriations, submitted the following

REPORT:

[To accompany bill H. R. 3821.]

The Committee on Appropriations, to whom was referred the bill (H. R. 3821) making appropriations for the current and contingent expenses of the Indian Department, and for fulfilling treaty stipulations with various Indian tribes for the year ending June 30, 1876, and for other purposes, together with the amendments of the Senate thereto, having considered the same, beg leave to report as follows:

They recommend concurrence in the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 29, 30, 36, 37, 38, 40, 42, 43, 45, 46, 47, 48, 55, 56, 60, 61, 62, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 85, 86.

They recommend non-concurrence in the amendments numbered 25, 26, 27, 28, 31, 32, 33, 34, 35, 49, 50, 51, 52, 53, 54, 57, 58, 59, 63, 64, 65.

They recommend concurrence in the amendment of the Senate numbered 39, with an amendment, as follows: Add at the end of said amendment, *that ten thousand dollars of this amount shall be immediately available.*

They recommend concurrence in the amendment numbered 41, with an amendment, as follows: *Provided, That twenty-five hundred dollars of this amount may be used for school-purposes.*

They recommend concurrence in the amendment numbered 44, with an amendment, as follows: Strike out the words "twenty-five" and insert in lieu thereof *thirty-five.*

They recommend concurrence in the amendment number 84, with an amendment as follows: Add at the end of said amendment the following: *Provided, That there be first deducted from said amount of twenty-four thousand dollars the sum of five thousand seven hundred and twelve dollars and seventy-one cents, the same being the balance of amount due to said Indians for money derived from the sale of their trust-lands, together with amount due them for lands erroneously sold as public lands.*

They recommend concurrence in the amendment of the Senate number 83, with an amendment as follows: After the word "inspection," in line five of said amendment, add the words, *to any officer of the United States Government,* and strike out all after the word "successor," in line eight of said amendment, down to and including the word "affairs," in line eleven.

FEDERAL ALPHABETICAL INDEX

THE FOLLOWING INDEX IS A SUMMARY OF THE CONTENTS OF THE REPORT, AND IS INTENDED TO FACILITATE THE SEARCH FOR PARTICULAR INFORMATION.

1. A. ALPHABETICAL INDEX OF THE CONTENTS OF THE REPORT, AND IS INTENDED TO FACILITATE THE SEARCH FOR PARTICULAR INFORMATION.

REPORT

The following is a summary of the contents of the report, and is intended to facilitate the search for particular information.

1. A. ALPHABETICAL INDEX OF THE CONTENTS OF THE REPORT, AND IS INTENDED TO FACILITATE THE SEARCH FOR PARTICULAR INFORMATION.

2. B. ALPHABETICAL INDEX OF THE CONTENTS OF THE REPORT, AND IS INTENDED TO FACILITATE THE SEARCH FOR PARTICULAR INFORMATION.

3. C. ALPHABETICAL INDEX OF THE CONTENTS OF THE REPORT, AND IS INTENDED TO FACILITATE THE SEARCH FOR PARTICULAR INFORMATION.

TEXAS AND PACIFIC RAILWAY.

FEBRUARY 27, 1875.—Recommitted to the Committee on the Pacific Railroad and ordered to be printed.

Mr. HOUGHTON, from the Committee on the Pacific Railroad, submitted the following

REPORT:

[To accompany bill H. R. 4547.]

The Committee on the Pacific Railroad, to whom was referred the memorial presented by the Texas and Pacific, and the Atlantic and Pacific Railroad companies, praying a guarantee by the Government of the interest on certain bonds to be issued by said companies to complete a southern line of railroad from the Valley of the Mississippi to the Pacific Ocean, as set forth in said memorial, and the bill submitted therewith, makes the following report:

Having heard the statements made on behalf of the various interests affected by the proposed legislation, and taking into consideration not alone the interests of those sections of the country through which the route of the road has been located and which are contiguous thereto, and those which will be brought into direct communication thereby, but also those of the Government and of the entire country as well, your committee have reached the conclusion that the interests of the Government and of the people of the entire country demand the early completion of a southern line of railroad to the Pacific Ocean.

Economically considered, it is too clear to admit of question that, for the military, postal, and Indian service of a vast territory, the line of road seeking the aid of the Government is an absolute necessity. The reports of committees of Congress and the records of the Government show conclusively that the construction of the existing line of railroad to the Pacific has, since its completion, saved to the Government annually about \$2,000 per mile, and certainly an equal, if not a greater, saving will be effected by the construction of this road.

More than twenty-five years ago the United States paid for the Territory of Arizona \$10,000,000, and since that time, to provide for the subsistence of the Indian tribes, and to maintain troops for the protection of settlers and the Government mails through that Territory, and through New Mexico and Western Texas, there has been expended by the Government more than \$100,000,000, yet the expenditure of this vast sum of money has afforded such inadequate protection to the people who have gone there to settle and to develop its agricultural and well-known mineral resources, that the greater portion of that vast region is now almost without civilized inhabitants. In addition to this, our Government has also incurred heavy liabilities because of the depredations on Mexican territory by Indians who have made raids across

the frontier, which incursions are still of frequent occurrence, and likely under existing conditions to continue for an indefinite period of time.

To hold in subjection the numerous savage tribes scattered through it, and to protect the lives and property of the white inhabitants of the country traversed by this line of road, there are now stationed troops aggregating about one-fourth of the entire available force of our Army, maintained and subsisted at an expense which cannot fall short of \$10,000,000 per annum.

At this time, when so many of the industries of the country are paralyzed, and the resources of the Government insufficient to meet the demands upon the Treasury, any measure which will curtail this enormous expenditure, and at the same time develop the resources of such an extensive portion of our national domain, and so greatly add to our national wealth, while insuring safety to life and property where both are so exposed and imperiled, seems to your committee to merit, and in their opinion ought to receive, the approval of all thoughtful men.

The saving by the construction of the Union, Central, and Kansas Pacific roads has been so great, that were the Government to pay the entire principal and interest of the bonds loaned to aid in their construction, the net result would still be largely in its favor.

The success of these roads demonstrates that the benefits to result from the completion of this southern line of road are not conjectural. It is well known that the country on the line of these roads before they were built was so infested by hostile savages as to render it uninhabitable by whites. But such great facilities were afforded by their completion for the rapid movement and concentration of troops, that a very small force has been sufficient to put an end there to all Indian depredations.

It is evident that the construction of this road will enable the Government to withdraw three-fourths of the troops now stationed in the country traversed by it, and render the remaining fourth far more efficient than the whole force now employed there, and the saving so effected, added to the diminished cost of transporting military stores, Indian supplies, and the mails, will aggregate every year more than the annual amount of the interest on all the bonds proposed to be issued.

It is believed by your committee that much, if not all, the prejudice existing among some of our people against granting Government aid to railroads arises from the fact that in those cases where such aid has been granted heretofore the interests of the Government have not been as fully protected as they might and should have been. But, guided by the experience of the past, your committee feel persuaded that they have been able to avoid similar errors, and they believe that the bill (H. R. No. 4547) herewith submitted, as revised and amended by them, does most effectually; requiring, as it does, that no bond shall be issued, except to represent actual expenditures, certified to have been made by commissioners to be appointed by the President of the United States, so that the issue will be confined to the actual requirements of the work, not to exceed in any event thirty-five thousand dollars per mile.

The bonds provided for will be those of the companies, payable forty years after date, bearing five per cent. interest per annum; the interest-coupons only to be guaranteed by the Government.

To indemnify the Government and insure it against the possibility of loss, and to secure the payment of the bonds at maturity, adequate provision is made, as follows:

1st. A first mortgage, to be held by the Government, upon the road receiving the bonds, its franchises, property, income, and lands granted by the Government;

2d. The retention by the Government of all sums earned for transportation, and for postal and telegraphic service ;

3d. The payment into the Treasury of the United States of the proceeds of the sales of Government lands, and of such additional sum from the earnings of the road as may be required to pay maturing coupons, and provide a sinking-fund for the payment of the bonds at maturity ; and,

4th. The retention by the Government of \$5,000 per mile of bonds to be sold, and the proceeds applied to the payment of the interest, should the company during or after the construction of its road fail to do so.

The evidence submitted to your committee has satisfied them, from the actual results obtained upon the existing northern line of road to the Pacific, that there can be no reasonable doubt that the earnings of this line will be ample to provide for the interest upon the bonds ; \$5,000 per mile of gross earnings will more than meet this interest, and the actual receipts of the Union and Central Pacific Roads amount to much more than double that sum, upward of seventy per cent. of which is from local business, all of which has been created since that line of road was built.

The natural advantages of the country to be traversed by the southern line are as great, if not much greater, than those of the country through which the existing line passes ; while the low summits, easy grades, and freedom from snow, will materially diminish operating expenses ; and in this connection it must not be forgotten that in addition to the resources of our own Southern and Western States and Territories, the richest portions of Mexico lie adjacent to the proposed road, with a population of two millions of people, simply waiting its construction to pour a very large and valuable traffic upon it.

There are other matters connected with this question which seem to your committee to be worthy of careful consideration. They do not believe it to be the true interest of the Government or the people to be dependent solely upon one line of railway across the continent. The material interests involved are too important to be controlled by what is practically one corporation, especially when it is considered that the present route is liable to blockade and interruption during several months of the year.

There can be no doubt that the people of our country have reached the conclusion that competitive lines of travel are an absolute necessity to their welfare and prosperity ; and the South may well urge that, while the North and Northwest have been lavishly favored by the General Government, in appropriations for internal improvements, a very small sum indeed has been granted to that section, and that it is only reasonable and just that whatever can properly be done to revive her industries and restore her prosperity should more than ever be done at this time ; and when, by pursuing this course, the South is not alone benefited, but employment given to the laboring masses of the whole country, now suffering from the prostration of our mining and manufacturing industries ; and when, by the development of new territory, additional wealth is created, and additional revenue given to the Government, it seems to your committee that the measure proposed, tending, as it does, so far in those directions, should receive the favorable consideration of Congress.

It will be seen that under the provisions of the bill reported some thirty millions of acres of land revert to the Government, much of which will be greatly enhanced in value by the construction of this line of road. This results from connecting the Atlantic and Pacific, or the

35th parallel road, with the Texas and Pacific Railway, or 32d parallel line, and building but one trunk-line from the point of junction to the Pacific. This plan, through its eastern connections, will give a competing line between California and Saint Louis, Chicago, Cincinnati, Indianapolis, Philadelphia, Baltimore, as well as direct connection and communication between the Pacific and Galveston, New Orleans, Mobile, Savannah, Charleston, Wilmington, Norfolk, Richmond, Memphis, Nashville, Atlanta, and other centers of population and trade.

For these reasons your committee recommend the passage of the bill as amended and reported by them.

CHINA MAIL-SERVICE.

FEBRUARY 27, 1875.—Ordered to be printed and recommitted to the Committee on Ways and Means.

Mr. KASSON, from the Committee on Ways and Means, submitted the following

R E P O R T :

On the 20th of February, 1873, the House adopted the following preamble and resolution :

Whereas, in the testimony taken before the Ways and Means Committee of this House, in reference to certain matters committed to said committee for investigation, it has been sworn by Le Grand Lockwood, of New York City, that a large sum of money was used to secure the passage through Congress of an increased annual appropriation to the Pacific Mail Steamship Company, in the nature of a subsidy, for the transportation of mails and other purposes : Therefore,

Resolved, That said Committee on Ways and Means are hereby authorized and directed to make full inquiry into the truth or falsity of said sworn statement, and to this end the said committee is hereby authorized and directed to send for persons and papers, and generally to exercise such powers and discretion as will be necessary thereto.

On the 12th of January, 1874, the following entry appears upon the Journal of the House of Representatives :

The Speaker also, by unanimous consent, laid before the House a letter from the Clerk of the House, transmitting testimony taken by the Committee on Ways and Means during the third session of the Forty-second Congress, touching the subsidy for the Pacific Mail Steamship Company, which was referred to the Committee on Ways and Means.

On the 24th of March, 1874, the following order was made in the House :

Resolved, That the Committee on Ways and Means are hereby authorized and empowered to send for persons and papers, and administer oaths in all matters from time to time pending and under examination before said committee.

An additional resolution on the same subject was referred to the same committee on the 3d of April, 1874. In pursuance of this action of the House, the Committee on Ways and Means entered upon an investigation of all the matters embraced within the inquiries therein indicated, and have taken a great mass of evidence bearing thereupon, and now submit, with the evidence, the following report :

By act of Congress "to authorize the establishment of ocean mail-steamship service between the United States and China," approved February 17, 1865, a monthly mail-service was provided for between San Francisco and some Chinese port, including the port of Honolulu and a port in Japan, by means of a monthly line of first-class American steamships of not less than 3,000 tons burden each, and of sufficient number to perform twelve round trips per annum, covering a period of ten years. The contract was to be made with the lowest responsible bidder.

Pursuant to this law a contract was made with the Pacific Mail Steamship Company, and the amount required therefor was annually appropriated thereafter. By a further act of Congress "making appropriations for the service of the Post-Office Department for the year ending June 30, 1873," approved June 1, 1872, an additional monthly mail between San Francisco, Japan, and China was authorized at a cost not to exceed the sum of \$500,000 per annum. By this act the contract was to be made with the lowest bidder after public notice, and was to cover a period of ten years from the 1st day of October, 1873. The act made further provision as to the character of the additional steam service, requiring the vessels to be built of iron and to be not less than 4,000 tons register each, and so built as to be readily adapted to the armed naval service of the United States in case of war, with the right on the part of the United States to take possession of them in time of war upon payment of a reasonable compensation, not exceeding the original cost of the vessel. In pursuance of that act, this same company made the lowest bid for the service and it was accepted. They then proceeded to build two additional steamers adapted to the service. In the annual report of the Postmaster-General, dated November 14, 1874, the following facts are stated in respect to these additional steamers:

The contract for the additional monthly mail-service between San Francisco and Japan and China, authorized by the act of Congress approved June 1, 1872, was, after advertisement, in accordance with the requirements of that act, awarded to the Pacific Mail Steamship Company of New York, at an annual compensation of \$500,000.

The company failing, however, to commence the additional service contracted for in such steamships, and at the time prescribed, both by the act of Congress cited above and the terms of their contract, when this Department was notified, in the month of July, 1874, nine months after the stipulated time, of the completion of two steamers built and designed for the service, it was deemed necessary to submit to the Attorney-General, for his opinion, the question of the company's right to have the new steamers inspected, and, if approved, accepted for the service under their contract.

The Attorney-General's decision, upon a full consideration of the case presented to him, having been to the effect that the contract with the company had not lapsed, but was in force, notwithstanding the failure to commence the service with the steamers and at the time provided, the steamers *City of Peking* and *City of Tokio* were inspected, as provided by the act of Congress of June 1, 1872, and, upon the favorable report of the Secretary of the Navy, were accepted by this Department for service under the contract with said company, with the understanding, however, that, as no appropriation was made by Congress at its last session for the additional monthly service contracted for, no payment could be made therefor until Congress should further legislate upon the subject.

It is not within the province of this committee to make report whether said vessels should have been accepted after failure of the company to complete them within the time required by the provisions of the act.

The investigation by the Committee on Ways and Means was upon the question whether money had been corruptly used by said Pacific Mail Steamship Company, or by any person, to procure the passage by Congress of the act providing for this increased mail-service.

The testimony shows that Alden B. Stockwell was, by a stock combination, elected president of the company in November, 1871, with a new board of directors. In December, 1871, he appears to have revived the purpose entertained by former officers of the company of obtaining an appropriation for additional service between San Francisco and China, and summoned Richard B. Irwin, one of the company's agents at San Francisco, to New York for consultation. Irwin accordingly came to New York in January, 1872, when he was told by Mr. Stockwell of his purpose to bring the matter again before Congress, and Stockwell arranged with him that he should proceed to Washington in charge of the efforts to procure the passage of such an act. This was

done prior to any communication of his purpose to the board of directors or to the executive committee.

It also appears that on the 14th of February, 1872, at a meeting of the executive committee of the board of directors, the following resolution was adopted by that committee, at the request of said Stockwell :

Fourteenth February, 1872. *Resolved*, That the president, in his discretion, is hereby authorized to employ counsel and incur such other necessary expense as may be necessary in connection with the measures for additional subsidy now pending before Congress.

And on the 21st of the same month, at a meeting of the board of directors, that resolution was approved and ratified. It also clearly appears that the statement was expressly made at the time to the executive committee and to the board of directors, by Mr. Stockwell, that the contemplated expenditure would not exceed \$10,000, and was for the purpose of employing counsel, procuring statistics, and such legitimate purposes. No further action on the part of said committee, or of the board of directors, upon the subject appears to have been had until long after the passage of the act providing for the additional service. It also appears that said Stockwell made, personally, an arrangement with said Irwin, without consultation with the executive committee or the board of directors, in pursuance of which he sent to him the following letter, under date "New York, February 13, 1872 :"

DEAR SIR: I inclose checks to my order indorsed to your order, for \$250,000, \$100,000, \$110,000, and \$40,000, which are placed in your hands to be used in payment of your services in case of the passage and approval by the President of the bill or amendment providing for the increase of our China mail-service to semi-monthly trips, with a subsidy of \$500,000 a year for ten years, said compensation to be reduced *pro rata* in the event of a reduction of the amount appropriated as above. None of these checks to be used by you, but all to be returned to me in the event of failure, excepting only the last named, (\$40,000,) all or any portion of which you may apply, if actually required, for your necessary expenses, and for counsel's fees.

Very respectfully, yours,

A. B. STOCKWELL.

RICHARD B. IRWIN, Esq.

These were either the personal checks of Stockwell, or checks belonging to him, not the checks of the company.

Irwin claimed that under the arrangement made by Mr. Stockwell with him, instead of the sum of \$250,000 named in the preceding letter, he was to have \$500,000, and so stated to Stockwell in reply to that letter. To this communication of Irwin, Stockwell replied under date of May 4, 1872 :

DEAR SIR: Yours of the third to hand. We are much encouraged by the result of yesterday, were it not for the demands of to-day. When we were defeated in the "House," you said to me there was *some good to come of it*; that if we did get our bill *it could cost less*. I don't think it wise for the company to give their checks in this matter. Notwithstanding, I *now* inclose the four checks for \$100,000 each, as your desire; but if they must be used, I would prefer my checks to be substituted for these; but, as I say above, I *send them* because I want to do everything to insure success. Of course you will return me *my checks* for \$250,000, previously sent you.

Yours, very respectfully,

A. B. STOCKWELL.

Mr. R. B. IRWIN.

Prior to both the foregoing letters, and before the resolution of the executive committee of the 14th of February, Stockwell had given a check for \$25,000 to Irwin without knowledge on the part of the company; this was in January, 1872; and in like manner \$40,000 on the 13th of February.

It appears that Irwin took a house in Washington, indulged in extravagant expenses of living, claimed by him to reach the amount of

about \$40,000, and remained in Washington until the passage by the House of the Senate amendment authorizing the additional service desired, which was on the 21st of May, 1872. He also employed many agents and lobbyists during his residence in this city.

The precise amount expended or retained by Irwin prior to the 21st of May does not appear satisfactorily to the committee, but it amounted to a very large sum, about \$140,000. The other original checks were returned to Mr. Stockwell and new checks substituted therefor at a later period.

On the 24th of May, 1873, Irwin appeared in the city of New York and received from Stockwell a series of checks signed by the officers of the Pacific Mail Steamship Company, amounting in all to \$750,000. These checks were at first made payable to the order of Stockwell, and charged by entries on the stubs to his personal account. Upon their issue Stockwell's personal checks were returned to the amount of about \$560,000. By his direction these checks for \$750,000 were subsequently destroyed, and again new checks for like amounts were drawn, payable to the order of R. B. Irwin, not to be charged at that time to any account, but subsequently ordered by Mr. Stockwell to be charged to the account of Eldridge & Irwin, agents in San Francisco.

It also appears that these amounts, or the greater part of them, were transferred, fictitiously, to other accounts, with the evident purpose to conceal the character of the expenditure in such manner that the books of the company should not show the real object of it. With the exception of some small sums paid directly by Stockwell, the total amount disbursed by his direction, in connection with the legislation referred to, appears to have been retained by or disbursed through the hands of said Irwin, and to have amounted to about \$890,000. The committee ascertained the names of the parties to whom payments were made by Irwin to the amount of \$703,100. These names are given below.

It is claimed on the part of the company that the history of the first payments made to Irwin before the resolution of the 14th of February; the explanations given by Stockwell at the time he procured the adoption of that resolution; the fact that the first series of checks given to Irwin were not the checks of the company; that the first issue of the company's checks were noted to be charged to Stockwell's personal account; that the amount of \$750,000 was entered in the cash-book without indicating to what account it was to be charged; the subsequent attempts to conceal in the books the object of the disbursement; the fact that by a by-law of the company the president had no authority to make payments exceeding \$5,000, without previous sanction of the executive committee or board of directors; and the further fact that Stockwell, anticipating an advance in the value of the stock, to result from the favorable action of Congress, had undertaken enormous speculations—that all these facts lead to the conclusion that Stockwell's earlier intention was to assume personally all these expenditures. His later losses, however, appear to have induced him to impose the liability upon the company from which he had concealed his operations, and whose books were tampered with, and strewn with false entries, in his efforts to conceal his unlawful purpose. The committee recognize the force of these views, but it is hardly within their duty under the order of the House to pass upon the question.

The struggles of the spring and summer of 1872, to "bull" and "bear" the stock, in consequence of which some payments from this fund appear to have been made to appease the "bears," and their con-

nection with the efforts to procure this subsidy, are sufficiently recited in the evidence, and need no further comment in this report.

Irwin's statement of amounts received and disbursed, or retained by him, and corrected as to amount paid to Whiting, and adding amount paid to Donn Piatt, as testified by Abert, is as follows:

Receipts.

Received from Stockwell prior to the 24th May	\$140, 000
Received May 24, 1872.....	750, 000
Total	890, 000

Payments.

Charles Abert	\$7, 000
O. J. Averill.....	10, 000
James G. Berret.....	10, 000
John Boyd	4, 500
E. H. Carmick	2, 500
Amos B. Corwine.....	3, 600
L. E. Chittenden	5, 000
B. H. Cheever.....	5, 000
Hamilton G. Fant	12, 000
John W. Forney	25, 000
Samuel A. Hatch.....	30, 000
J. H. Hersey	11, 000
S. R. Ingham.....	10, 000
William S. King.....	125, 000
William Moran.....	15, 000
J. M. Morris	1, 500
R. C. Parsons	1, 500
Donn Piatt.....	5, 000
Alexander W. Randall	10, 000
Alexander W. Randall, (special)	35, 000
John H. Rice.....	2, 500
William B. Shaw.....	15, 000
Charles H. Sherrill	500
John G. Schumaker.....	275, 000
John G. Schumaker.....	25, 000
Aug. H. Whiting.....	56, 500
Total.....	703, 100

Retained by Irwin, or applied to his expenses.....\$186, 900

Of this balance, Irwin claims the following expense account:

Assistant and clerks.....	\$13, 400
Sundry payments claimed to have been accounted for per statement July 1, 1872, but now forgotten by him and not found by committee.....	45, 000
House and personal expenses, (including traveling, telegrams, stationery, printing, carriages, &c., in Washington and New York)	40, 000
	98, 400

At least \$100,000 was taken by Irwin himself to California, after the passage of the law, and deposited to his credit in the Bank of California.

The payment to Mr. Piatt, although a part of the funds under investigation, is claimed by him to have been a loan, which was afterward repaid by a friend of his.

Of the sum of \$125,000 paid to Charles Abert, the disbursement of which is included in the foregoing list, there remained, after his payments to the agents of Irwin and his own fee, \$18,500, which he returned to Irwin's credit at a bank in New York. Of a subsequent remittance

he also returned \$1,000 to Irwin. The evidence submitted shows without contradiction that the sums so disbursed by Abert were retained by the parties into whose hands the testimony before the committee traced it. But the testimony of Mr. Forney, whose continued absence in Europe has prevented his appearance to testify, and of Mr. S. A. Hatch, who could not be found by the summons issued for him, and of Mr. Moran, whose illness prevented his attendance upon the summons served on him, was not for these reasons given to the committee.

The payments made to Richard C. Parsons are clearly shown to have been retained by him, and for legal services rendered by him, (and expenses,) at the request of Stockwell, the principal sum of \$12,000 having been paid by Stockwell himself, upon account rendered.

The larger portion—\$35,000—of the amount paid to Mr. Randall (now deceased) is shown to have been intended for and applied to buying off certain parties from New York, who were alleged to be lobbying at the capital to defeat the proposed legislation in order so to aid counter-speculations in stock of the company in New York.

In respect to the other payments included in the foregoing list, the committee cannot withhold the expression of their surprise that sums so extraordinary as those paid to most of these parties should have been given for a consideration of services absolutely insignificant, and, in some cases, as the evidence shows, to persons unquestionably without influence, or even efforts to bring influence, upon the legislation of Congress.

Nearly every part of the evidence shows that the whole transaction under inquiry was a reckless robbery of a corporation under the temporary control of speculators. Its only effect must have been to demoralize all just sense of the honest relation between service rendered and compensation received, and to destroy all sense of official fidelity on the part of the then president and vice-president and book-keeper of the corporation.

Of the important witnesses whose testimony was necessary to a complete examination, William S. King and A. B. Stockwell could not be found within the jurisdiction of the United States; King having avoided process by taking refuge in Canada, and Stockwell continuing absent in Europe.

The evidence taken by the committee in respect to the payments made to William S. King, while holding the office of Postmaster of the House, has revealed contradictions of the most painful character. Mr. King was summoned before the former Committee on Ways and Means near the close of the Forty-second Congress, and was, on the 25th of February, 1873, duly sworn and examined by that committee touching his knowledge of the use of money in connection with the passage of the act now the subject of investigation. During that examination the following answers were given by him in reply to inquiries addressed to him by the committee:

Q. Did Mr. Irwin use any money here to secure that subsidy?—A. Not to my knowledge.

Q. Did anybody use any?—A. Not to my knowledge.

Q. Did you ever hear anybody charged with using any?—A. Yes, sir. As I have said, I heard the charge made on the floor by members.

Q. Never off the floor?—A. No, sir.

Q. You never heard the charge made in the lobby?—A. As I say, I have heard of these rumors growing out of the discussions on the floor; that is all.

Q. That is a very plain answer. You have, then, heard it talked about in the lobby?—A. Just as I have said in my previous answer.

Q. What was the purport of the talk you heard in the lobby about the expenditure of money?—A. The same rumors that I have stated.

Q. What amount did you hear named?—A. I never heard any amount named; these fellows never name amounts; they deal in generalities about these things.

Q. You do not know anything about any sums used?—A. *I do not know of the expenditure of one dollar.*

Q. How long was Mr. Irwin here?—A. I cannot say. I should think he was here most of the time during the pendency of the measure.

Q. Is your memory about private affairs as poor as it is about this matter?—A. I do not know how poor my memory may be considered about this matter.

Q. *I will then ask you the direct question whether you received money for your services in behalf of this scheme?*—A. *Not one dollar, directly or indirectly.*

Q. Did you ever expend any money for anybody yourself?—A. Not one dollar, directly or indirectly; not a single dollar.

Q. *Where did you keep your bank-account?*—A. *I am sorry to say I have no bank-account.*

Q. *You keep none ever?*—A. *No, sir.*

Q. You are a wealthy man, are you not?—A. I am not certain about that; I am in comfortable circumstances.

Q. Yet you keep no bank account whatever?—A. No, sir; if I have a note coming to me for collection, I pay it wherever it is presented. *I do not think I have ever kept a bank-account in Washington, or that I have had particular occasion to.*

It will be observed that Mr. King swears absolutely that he did not know of the expenditure of one dollar, and that he did not himself receive for his services one dollar, directly or indirectly.

Second, that he kept no bank-account whatever.

The evidence herewith reported to the House shows that he kept a bank-account with Jay Cooke & Co., in the city of Washington, covering a period from February 11, 1871, to April 22, 1872, embracing items amounting to \$49,000.

The testimony also shows, beyond any doubt, that Mr. King received on account of his alleged services the sum of \$125,000, of which \$10,000 had been paid in smaller sums in Washington, and \$115,000 was paid to him in the city of New York on the 30th day of May, 1872, immediately following the passage of the act. A portion of the \$125,000, amounting to \$34,000, appears to have been applied by him to his own use; another portion, \$41,000, to credit of Minnesota banks, probably also for his own use; another sum of \$5,000 paid by him to John H. Rice; and the remainder, amounting to \$45,000, was divided into three unequal sums, the final disposition of which the committee have been unable to ascertain. So far, therefore, as the sum paid to Mr. King is concerned, the committee have found no fact showing that any part thereof was paid to any member or officer of either House of Congress, or to any person under their jurisdiction, while the fact remains that the disposition of \$45,000 of that sum is not disclosed.

It also appears that this sum of \$115,000 was drawn in New York under circumstances denoting an evident desire on the part of the said King to conceal his name in connection with these payments. His persistent and successful effort, since this examination commenced, to prevent the service of a summons on him, adds force to the conclusion of the committee that he desires to evade any further examination on the subject. The facts hereinbefore recited, whatever may be the disposition made by him of this extraordinary sum of money, indicate clearly the duty of the officers of justice in this District to institute proceedings against said King, by which, upon trial, it may be ascertained whether he did not violate his oath as a witness in February, 1873, as it now appears to the committee he did.

Mr. John G. Schumaker received the still more extraordinary sum of \$300,000 in two checks, one for \$275,000, on the 29th day of May, 1872, and one for \$25,000, transmitted from California by Irwin after his return to San Francisco in June, 1872. The committee have made every effort in this case, as in that of Mr. King, to ascertain the ulti-

mate disposition of that enormous sum. The entire amount is traced beyond question into the hands of Mr. Schumaker. It was his duty, as it would be the earnest desire of a man sensitive to any impeachment of his honor or integrity, to give the clearest explanation and the most willing evidence touching the whole transaction. It is incredible that for two or three months' service as an attorney, or parliamentary agent, there should have been paid to him so remarkable a compensation. In fact he only claims to have retained for himself about \$10,000. As to the remainder, excepting one sum of \$50,000, his memory had become a void. His evidence has left the most unhappy impression upon the minds of the committee.

The following extracts from his testimony will better inform the House of the difficulties surrounding this witness than any comments the committee can offer.

In respect to the sum of \$275,000, he says :

Q. Did you receive it in compensation for your services?—A. I received it for my clients.

Q. I am not asking who your clients were, I am merely asking whether you received it in compensation for your services.—A. Not the whole of it.

Q. Any part of it?—A. Yes.

Q. What part of it?—A. A small amount.

Q. How much?—A. I cannot say. You have a copy of my bank-book.

Q. How much do you think you received for your services?—A. My impression is that it was in the neighborhood of \$10,000. You have my bank-book and all my accounts.

Q. About \$10,000 for your own personal services?—A. Yes.

Q. The rest of it was for some other purpose than in compensation for your own personal services?—A. That relates to confidential communications between myself and my clients.

Q. Was there more than \$10,000 for your personal services?—A. I think about that sum.

Q. Do you think it would exceed that?—A. Not a great deal.

Q. In order to come to a limit, did it exceed \$15,000?—A. My impression as to the amount is, that it was in the neighborhood of \$10,000.

Q. Then the difference between \$275,000 and about \$10,000 was received for some other purpose than for your personal services?—A. Yes, sir.

Q. You got that check certified, did you?—A. I did not.

Q. What did you do with it?—A. I took it to the Brooklyn Trust Company, by direction of my clients, and had it broken up at their direction, and directed the Brooklyn Trust Company to send the broken-up checks to my client, reserving about \$10,000, I think.

Q. You did that without having the \$275,000 check certified?—A. I did not get it certified myself.

Q. When you took it to the Brooklyn Trust Company was it certified?—A. It was not certified.

Q. Did you, in that month, take any other check for \$275,000 to the Brooklyn Trust Company?—A. No, sir.

Q. Then, whatever check you presented to the Brooklyn Trust Company during that month is the one that we are examining about?—A. Yes.

Q. And you think that that one was not a certified check?—A. I think it was not.

Q. You directed them to break it up, and to send all of it, except about \$10,000, to your client?—A. Yes.

Q. The same client from whom you received it?—A. Well, I would not say that; that is a construction of law. It was not the person from whom I received it.

Q. Give us data enough, so that we can form a legal opinion about it.—A. I would say that it was not sent to the person from whom I received it.

Q. Was it sent to the clients from whom it came?—A. It was sent, under instructions from my clients, by the Brooklyn Trust Company, to my clients again, in small checks.

Q. Returned to the same clients?—A. Yes, sir. Well, that is not exactly a fair question, after what I have said previous to my being sworn; I told you that I was counsel for the Pacific Mail Steamship Company and for Richard B. Irwin.

Q. * * * * * You say that you directed the Brooklyn Trust Company to break up that check and to send it all to your clients except about \$10,000?—A. Yes, sir.

Q. Do you know how you directed the Brooklyn Trust Company to break it up—into

what forms?—A. I did not give them any personal instructions. I had a memorandum from my client, or something, to indicate what was to be done. I cannot recollect it now particularly.

Q. Did you have \$150,000 passed to your own credit there?—A. No, sir; I did not give any instructions to have anything passed to my credit.

Q. Did you have any sum passed to your credit?—A. It seems that I did.

Q. How much?—A. One hundred and twenty-five thousand dollars.

Q. That sum was passed to your own credit?—A. Yes.

Q. Do you think that the bank officials did not follow your instructions about that?—A. Not as to that particular matter.

Q. They misunderstood you in passing \$125,000 to your credit?—A. It seems that they have done so.

Q. That would leave \$150,000 out of the \$275,000. What did you tell them to do with the rest?—A. I know that they broke the check, and passed \$125,000 to my credit.

Q. How much would that leave?—A. They made three distinct checks, payable to my order, on the Marine National Bank, for \$50,000 each.

Q. What did you do with those checks?—A. I directed the Brooklyn Trust Company to pass them to my client.

A. These [presenting them to the witness] are the three \$50,000 checks, are they not?—A. It seems so; there is no doubt about it.

Q. Did you give directions to have those three checks sent to any person or to different persons?—A. To no particular person. I would not like to say that exactly. I directed them to be sent to my clients in the city of New York.

Q. Did you direct that they should be sent to different directions, or all to one direction?—A. All to one direction.

Q. Why did you have three checks?—A. I had three checks by the direction of my client.

Q. Was that the same client that gave you the \$275,000 paper?—A. No, sir.

Q. A different client?—A. Yes.

Q. One client gave you the \$275,000 paper, and by the direction of that client you sent these three checks to another client?—A. Yes, with other checks.

Q. What other checks did you send with them?—A. Personal checks of my own on the \$125,000 which had been placed to my credit.

Q. How much did you send with them?—A. As I have told you, I sent all of the \$125,000, with the exception of about \$10,000; that was my impression.

Q. Did you send it all to the one direction?—A. Yes.

Q. At one time?—A. Yes.

Q. Do you say that no part of the \$125,000 which the Brooklyn Trust Company passed to your credit as part of the proceeds of that \$275,000 check went to your own personal use in any way, except \$10,000 or thereabouts for your fee?—A. I do.

Q. No other part of it beyond the \$10,000 or thereabouts went to your own personal use?—A. I say so.

Q. It went to the use of other persons?—A. Yes, sir.

Q. Tell us who they were.—A. I cannot, for I do not know.

Q. And the avails of it you did not have?—A. I did not.

Q. Now, one step farther. Tell us who did have the avails of it.—A. My clients in the city of New York.

Q. Any one client, or different clients?—A. You know that the plural is applied to corporations and the singular to individuals.

Q. What is the corporation?—A. I will not say unless I am obliged to.

Q. To what officer of the Pacific Mail Steamship Company did you send those checks?—A. I will not be positive, but my impression is that I gave directions to the Brooklyn Trust Company to have them sent to the Pacific Mail Steamship Company, to Mr. Stockwell, or as he might direct.

Q. Do you mean to say that you were directed by the person from whom you received this \$275,000 check to divert the whole of it back to the Pacific Mail Steamship Company, except the \$10,000 that was for your own personal services?—A. No, I do not mean to say that. I had such instructions.

Q. From whom did you get those instructions?—A. Those instructions I received as attorney and counsel for the parties for whom I was transacting business in the city of New York.

Q. The parties from whom you received the \$275,000 paper?—A. I have said that I did not get such instructions from the party from whom I received the paper.

Q. You received those instructions from a different party?—A. Yes.

Q. What instructions did you receive from the party who gave you the paper?—A. Scarcely any at all.

Q. The paper was given to you by him without instructions?—A. I will not say that; I do not recollect any particular instructions.

Q. Were you directed by the party who gave you the \$275,000 paper to make any disposition of its avails?—A. I do not recollect what the instructions were from the party from whom I received the paper.

Q. Did you have instructions from anybody else before you received the paper what to do with the avails when you did receive it?—A. I cannot be positive in regard to that.

Q. Did you receive instructions from anybody after you received the paper as to what disposition you were to make of its avails?—A. I think I did.

Q. What person was that?—I think it was my client in the city of New York.

Q. What person was it?—A. I am not at liberty to state.

Q. You have just told us one client; why not tell the other?—A. I told you the name of my client, but I did not tell you the communications between us.

Q. I do not ask you what the instructions were, but only the name of the client who gave you the instructions how to dispose of the avails of this \$275,000 check.—A. I would like to tell you if I could, but it relates to confidential communications.

The CHAIRMAN. I do not ask you what the communications are.

The WITNESS. Yes, you do.

The CHAIRMAN. I only ask you the name of the client.

The WITNESS. You have asked me what client in the city of New York gave me the instructions.

The CHAIRMAN. The reason that I have asked you all these questions is the difficulty of getting an answer.

The WITNESS. I hope you do not consider that I am an unnecessarily unwilling witness.

The CHAIRMAN. O, no.

Q. Is there any more reason why you should retain the name of one client than there is why you should retain the name of the other?—A. No, sir.

* * * * *

As to the two checks of \$50,000 each, indorsed by Mr. Schumaker, and traced to the banking-house of Jay Cooke & Co., Washington, witness says:

Q. You have not yet told us about the two checks of \$50,000 each that passed through the house of Jay Cooke & Co.—A. I did not draw the cash on them.

Q. Tell us all your connection with them.—A. I had nothing more to do with them than I have already described—to have them sent to the Pacific Mail Steamship Company.

Q. Was your indorsement on those checks?—A. Yes.

Q. So that they were presented to Jay Cooke & Co. either by the Pacific Mail Steamship Company or by some person other than yourself?—A. That is true.

Q. And the proceeds were not paid to you, either directly or indirectly?—A. No, sir.

Q. Have you any information where the two \$50,000 checks that passed through Jay Cooke & Co.'s house went?—A. Not the slightest.

* * * * *

The WITNESS. I am glad to give you information. I particularly want to say that I never drew the money on those checks from Jay Cooke & Co. I never bribed any officer or member of the Forty-second Congress, or attempted to bribe any officer or member of the Forty-second Congress.

As to the \$50,000 check, also indorsed by Schumaker, and paid to himself by the bank of Riggs & Co., the witness says:

Q. Be kind enough to state again where you took that \$50,000 check.—A. I took it to Lyman Elmore, at his office in the city of New York.

Q. Did you find him in?—A. I did not.

Q. Did you see him?—A. Not in New York.

Q. Where did you see him?—A. I saw him in Washington.

Q. You came to Washington that night?—A. I think I came on that evening.

Q. You found Mr. Elmore here?—A. I think I did.

Q. What is Mr. Elmore's business?—A. He is a practicing lawyer in the city of New York; his specialty is railroad law.

Q. Where did you meet him here?—A. I think I found him at his rooms.

Q. At what place?—A. On F street.

Q. Has he an office there?—A. Yes.

Q. What transaction had you with him after you met him?—A. I told him that I was

directed by the Pacific Mail Steamship Company to deliver him this check; he said that it was not for him, but that it was for parties or for a party whom he represented.

Q. Did he say who that party was?—A. He did not say at that time. I told him that my authority was to give it to him or to parties whom he would designate or represent. Said he, "I cannot take the check; you must give the bills; I am not known here, and I could not get the money on such a large check." I took the check by his directions and went to Mr. Kennedy, and got Mr. Kennedy to go with me to Riggs & Co. They asked me there how I wanted the money. I said in large bills. They said they could not give me large bills at that particular time; that they would have to get them somewhere, I do not know where. In the course of two hours I received the money, and went down to Mr. Elmore's rooms, and in his back room I counted out the money to a gentleman in his presence, whom I do not think I had ever seen before, but whom I have subsequently seen, and whom he introduced to me at the time by the name of Smith. I supposed then that it was a fictitious name, but since then I have found out that it was not a fictitious name.

Q. What was this gentleman's name?—A. Mr. Elmore introduced him to me as General Smith.

Q. What other name?—A. I do not know.

Q. Did he take this whole \$50,000?—A. He did. I counted it out to him.

Q. What did he do with it there?—A. I left the room.

Q. Where was the money when you left the room?—A. On the table.

Q. Who were present?—A. Mr. Elmore and General Smith.

Q. How long did you stay there?—A. A very few moments.

Q. Did you take any memorandum that you had converted this \$50,000 check into money and had delivered it over to a General Smith?—A. I made a memorandum.

Q. Did you take any?—A. Not from them. I was not authorized.

Q. Did you take any from anybody?—A. I took no receipt for the money from anybody.

Q. Did you take any memorandum from anybody that you had delivered the proceeds of this \$50,000 check to any person?—A. No, sir.

Q. Have you any evidence to carry about with you that you have not got that money now in your pocket?—A. I have not the evidence.

Q. You have got no voucher for it?—A. No, sir.

Q. As the matter stands now, the cash is traced into your hands from the bank?—A. Yes, sir.

Q. And you have no evidence about you that you paid it out?—A. No, sir.

Q. You depend upon those parties to clear you from the money, do you?—A. Yes, sir.

Q. Is that the ordinary course of business with you?—A. No, sir.

Q. What reason was there for doing this business in an unusual way in that respect?—A. I was requested to pay this money, and I did it in the manner which I have described.

Q. What was there in the transaction that led you to depart from your usual course of business and to take no voucher that you had paid the money out?—A. I will tell you if you will permit me.

Q. That is what I want.—A. The company said to me in New York that there were men from Washington running the office down, who represented that they had been employed by Mr. Stockwell in assisting in the passage of the Pacific Mail Steamship subsidy; that the bill had passed the House; that they had all sorts of rumors in respect to it, and that they wanted to pay any person whom they had honestly and properly employed in prosecuting the case before Congress or the committees, and they wanted to get rid of that crowd.

Q. Go on.—A. They told me that a gentleman by the name of Elmore, whom I knew very well, represented most of those parties, or knew those parties; that they were willing to trust to him to direct me whom to pay of the men who were hunting the office down. There were men running in there all hours of the day, stating that they had been employed by Mr. Stockwell and others in the prosecuting of this subsidy measure before Congress, and they were so clamorous that no business could be done in the office. They came over to my office, 17 William street, and made this complaint to me, and they directed that I should take this check and give it to Mr. Elmore, or pay it to such parties as he directed. I hesitated about the matter. I did not want to do it. I told them that if it was to pay it to any member of Congress I should have nothing to do with it. They assured me that there was no member of Congress whom they had employed, or agreed to employ, and that there was no officer or member of the Forty-second Congress who was to have anything to do with the money. I went to Mr. Elmore's office, and he was not in. I understood that he was in Washington. I came on here and saw him, and said, "I have this check for you, and I want you to take it." He said, "I cannot get the money on it. I must have the money." I went and got the

money as I was directed, and paid it in that way, asking for no voucher, for no receipt particularly for the reason that it was to be paid, as I supposed, to different parties who had been employed by Mr. Stockwell and others in prosecuting the passage of the additional subsidy. Now, that is the reason.

Lyman Elmore's testimony in respect to the same transaction is as follows:

Q. What do you know about Mr. John G. Schumaker's service in connection with that matter? State all you know about it.—A. I can state it exactly as the transaction occurred, which I presume is what this committee wishes to know about. At my office in Washington there were from twenty to fifty people a day calling, and I met and was introduced to a great many people at saloons and elsewhere. In this way I was introduced to a gentleman by the name of General Smith. I met him probably three or four times during the spring of that year. One day, passing from the Treasury Department down F street, he was talking with a group of gentlemen, and he called me and came up to me in the middle of the street, and asked me if I knew the attorney of the Pacific Mail Steamship Company. I said that if it was Mr. Irwin I did not know him except by sight. "No," he said; "he is the agent. I mean the attorney in New York. You have a New York office, have you not?" I said that probably I knew most of the attorneys in New York, and he said: "They are to send over their attorney from New York to pay me some money. Have you any objection to identify me?" I told him certainly not. I passed along down the street. Three or four days passed, when one morning John G. Schumaker came into my office and threw down a check for \$50,000, saying: "I was instructed to give that check to you." I did not even pick up the check. I saw it lie there. I said, "Not for me; you are mistaken." "No," said he, "the Pacific Mail Steamship Company told me to pay that to you or to somebody whom you were to identify." I told him then that I knew who the gentleman was and would see him during the day probably, and would let him know. I then made a suggestion to him different from what the report in the newspapers seems to indicate. I did not say that I could not draw the check and that he must get it cashed, because I could have drawn the check very easily if I had wanted to; but I remember making this remark: I said, "You are not going to pay in a check, are you?" He then said he would get it cashed. My remark was a natural remark of caution. I made an appointment with him between 2 and 3 o'clock. I met this gentleman, Mr. Smith, and he came to my office about half past two. My own desk being in the back room, he sat there reading papers, and became very nervous, and kept suggesting that he thought Schumaker had made up his mind not to come around again, but some time after three o'clock Mr. Schumaker came in. The only remark that I made to him was, "This is the General Smith who I believe was to meet you here." After shaking hands, he stepped up to the dressing-bureau back of my desk, and he pulled a roll of bills out and said, "Count that." After counting the money he said, "That is all right." After making some remarks about Brooklyn, Schumaker left the office. I then made the jocular remark to General Smith that that was too much money for one man to carry. He said if it was for him he would be very glad to make a divide, but that he had nothing to do with it, except that he was receiving it for other parties. He left the office. A few days after that I left Washington and was not here for several months. I came on again the next winter and was introduced to General Morgan L. Smith. Supposing that he was the Mr. Smith I had met in my office, I recollect making the remark that I guessed we had met before, and he neither assented nor dissented. I asked him if he had not changed his whiskers, under the impression all the time that he was the same gentleman. Again, in December last, I said to him when this investigation came on, "I suppose they will have us before the committee." He said he did not know anything about it; that he could tell them all he knew about it in five minutes. That is the only thing I know about the transaction.

Q. Was that the General Smith you introduced to Mr. Schumaker?—A. I suppose it was, but subsequent events have led me to believe that it was not.

In testifying in regard to his bank account with the Brooklyn Trust Company, Mr. Schumaker said:

Q. In this account, which you have presented here, after this \$125,000 was credited to you on May 30, there is a subsequent credit on June 19 of \$27,775. Where did that come from?—A. I have no distinct recollection. It did not come from the Pacific Mail Steamship Company. It may have been from the sales of some stock or property that I had. I will not be certain. When I saw it to my credit it struck me as a novelty. I did not recollect the transaction.

It is to be remarked that Mr. Schumaker expressly declares that on the 30th of May the Brooklyn Trust Company gave him three checks

for \$50,000 each on the Marine National Bank, and that checks were then also drawn for smaller amounts representing the remaining \$115,000, and that the Trust Company, by his direction, sent these smaller checks, together with the three \$50,000 checks, to somebody at the office of the Pacific Mail Company; and that he knows nothing more of their disposition, except the one check for \$50,000, the amount of which he drew from the banking-house of Riggs & Company, in Washington, and paid over to the indefinite Smith in Elmore's office.

The evidence found in the books and furnished from the office of the Brooklyn Trust Company does not support this statement of Mr. Schumaker. These books show that the balance to Mr. Schumaker's credit on the 30th of May, before this deposit of \$125,000 was made, was about

Add to this the balance of the \$275,000 check..... 125,000

And a later deposit, (June 19,) of..... 27,775

And his total credits for the period, up to June 19, are.. 158,525

Against this appear amounts drawn as follows:

1872.			
May 30	To cash.....		\$500 00
June 3	do.....		500 06
5	do.....	\$10,000 00	
	do.....	27,000 00	
			37,000 00
8	do.....	3,000 00	
	do.....	13,200 00	
			16,200 00
8	do.....		18,450 00
10	do.....		30 00
11	do.....		3,000 00
11	do.....		1,000 00
13	do.....		25,450 00
17	do.....		150 00
18	do.....		25 00
19	do.....		39 00

Leaving a balance, June 19th, of over \$56,000.

This credit was increased prior to September 12th by several small amounts, making the total amount to his credit up to the latter date about \$57,000.

Against which appear payments drawn as follows:

1872.			
June 20	To cash.....		\$80 00
21	do.....		404 18
22	do.....		1,523 35
24	do.....		195 00
25	do.....		317 55
27	do.....		60 42
July 6	do.....		72 54
9	do.....		261 60
10	do.....		21 95
15	do.....		22 78
16	do.....		100 00
17	do.....		8,333 00
18	do.....		8,333 00
23	do.....		144 00
25	do.....		237 00
26	do.....		250 00
Aug. 1	do.....		173 88
6	do.....		118 46
8	do.....		123 69
10	do.....		30 00

1872.		
Aug. 14	To cash	\$2,850 00
16	do	3,280 14
19	do	885 86
24	do	133 50
26	do	2,000 00
Sept. 4	do	150 00

Still leaving a balance, September 12, 1872, of over \$27,000.

The committee cannot believe that if the checks into which the witness claims the \$115,000 were broken up had been issued and delivered, as stated by him, they would have remained so long in the adjoining city of New York, or elsewhere, without being presented for payment. Unfortunately for the further prosecution of this inquiry, the president of the Trust Company, Mr. Mills, who, according to the witness's statement, bore his instructions for the issuance of these checks and caused them to be sent to Stockwell, or other person, in New York, is dead, and Stockwell himself residing in Europe. The committee, therefore, cannot adopt this explanation of the witness, and find more reason to believe in the application of this portion of the funds to his own use than this alleged transmission of the checks to unknown persons in New York, especially in view of the statement made by Mr. Schumaker that he cannot remember who told him how to break up the checks, and that he destroyed these checks in February, 1873, just before (as he says) the commencement of the investigation by the former Committee on Ways and Means.

It will be further remarked that the witness denies that he was at the Exchange Bank in company with William S. King. Here, again, his evidence is in serious and irreconcilable conflict with that of two witnesses, George S. Coe, president of the bank, and Dumont Clarke, assistant cashier of the same bank.

Mr. Clarke testified as follows :

The following day, or the day after, two gentlemen came in and went to the paying-teller's desk, and presented, one a check for \$275,000, and the other a check for \$115,000. It is our instruction to the teller not to pay any large sum of money, even if the check is payable to bearer, unless the parties presenting it are identified, because we have got into court once or twice by paying forged checks, and therefore the teller told these gentlemen that he would be unable to pay the checks unless they were identified. They then came up to my desk, and I had a little conversation with them, and told them the reason why we did not care to pay those large checks without identification, and that I thought it was right and proper for them to give us some clue to their identity. They refused; one of them quite lustily. I then referred them to Mr. Coe, and went into his room with them.

Q. You know Mr. William S. King now?—A. I do.

Q. Was it Mr. King or the other that refused in that way?—A. It was the other. Mr. Coe went over the matter with them, and told them that he did not think it was a proper thing for them to ask that such large sums of money should be paid by the bank without some identification of the parties. He told them that all we wanted to know was that the money went into the proper hands—that the checks were genuine; that while we were supposed to know the signatures of the drawers of our checks, still we thought we were justified in taking even greater precautions in order to protect the bank. This other gentleman (not Mr. King) remarked that he did not think this was a very large sum of money; that he had seen very much larger sums, and did not think it worth while to make a fuss about such things. Mr. Coe still refused, and asked the man how he was going to use the money, whether he was going to use it in a bank, and he said that he was. Mr. Coe then told him that we would certify the check for him, which would answer his purpose, and thereupon we had the paying-teller certify his check. That was the check for \$275,000. The other gentleman stated that he wanted to use the money on the following day, and Mr. Coe told him that if he would come in the next morning we would pay him the money; knowing that if the other check passed correctly through another bank we would have some clue if there was anything wrong about this one. In the mean time we had communicated with a detective, and engaged him to be present on the following morning. Next morning this gentleman bearing the \$115,000 check came in and took it to the president, who authorized its payment. We had instructed the detective beforehand how to proceed,

and I told him that was the man, and to keep a lookout for him. The detective followed him out of the bank, and in the course of ten, fifteen, or perhaps twenty minutes, he came back and reported that the gentleman had gone to the Park Bank, had there held a short conversation with the cashier, and had then gone to the note-teller's desk, taken out a large amount of greenbacks, and had a transaction with the note-teller of the Park Bank.

This statement is fully corroborated by Mr. Coe, as follows:

The two gentlemen were then referred to me, and hearing them very emphatic, for I had overheard part of the conversation, I asked them to sit down and explain to me what the matter was. They said in substance—for, of course, it is impossible for me to recollect any words that were used—they said, in substance, we have two checks on your bank, and they refused to pay them. Said I, "Let me look at them, gentlemen." They handed the checks to me, and I looked at them. One of them was for an amount over \$200,000—as to that my memory would serve me without any assistance—and the other was over \$100,000. I see by the account-current that one was for \$275,000 and the other for \$115,000. I said, "Now, gentlemen, you know these are very large sums of money," and one of the gentlemen remarked, that is not a large sum. I said, "Sir, \$275,000 we consider in New York to be a very large sum;" and he answered, "We handle larger sums than that," or something to that effect. I then said to them, in substance, "Now, gentlemen, there is a courtesy due between gentlemen, and there is a certain obligation which every man owes to the community in handling large sums of money, and which men who are engaged in these large transactions owe to each other to take care of each other, and on that general ground I ask you to identify yourselves, simply that I may be sure that I am not paying a forged check." The answer of the gentlemen was something like this, or to this effect, that they had reasons for not wanting to be identified, and they declined to be identified.

Therefore I said, "Gentlemen, how do you propose to use this large check? If you are going to use this in a bank, you can relieve me from all embarrassment." And the gentleman who had presented the large check said, "Yes, I am going to use it in a bank." Said I, "Then have it certified, and you can deposit it, which will save you and us the trouble of counting this large amount." And he assented. So I directed the check to be certified, which accounts for its being drawn on the 29th of May. Then turning to the other gentleman, I said, "How do you want yours?" He said, "I want mine to-morrow morning, in money." I said, "Come in to-morrow morning, and you shall have it."

Yet Mr. Schumaker testifies that it was not certified when he took it to the Brooklyn Trust Company.

Again, Mr. Schumaker testifies his entire ignorance of the disposition of the two \$50,000 checks partly converted into certificates of deposit at Washington; yet the following certificate of deposit was put in evidence:

JAY COOKE & CO., BANKERS,
Washington, D. C., June 3, 1872.

John G. Schumaker has deposited with us \$90,000 to the credit of himself, subject to his order and the return of the certificate.
\$90,000.]

JAY COOKE & CO.,
Per W. M. TENNEY.

It is indorsed "John G. Schumaker."

On which it is shown that \$30,000 was paid the 5th day of June, 1872, and on the same day the following certificate of deposit was issued for the balance:

JAY COOKE & CO., BANKERS,
Washington, D. C., June 5, 1872.

John G. Schumaker has deposited with us \$60,000 to the credit of himself, subject to his order and the return of the certificate.
\$60,000.]

JAY COOKE & CO.,
Per W. M. TENNEY.

On the face of it is the hand-stamp, "Jay Cooke & Co., June 7, 1872, Washington, D. C."

On the back of it is, "Received \$15,000 on the within, June 6, 1872, J. G. Schumaker." Then there seems to be a memorandum which says, "Balance \$45,000, paid June 7, 1872;" and then an indorsement, "John G. Schumaker."

And the genuineness of the signatures is admitted. The bank-officer summoned before the committee gave the following explanation of the transaction :

Q. From your knowledge of the business of the bank, and from the entries on the books, state how these checks, Nos. 192 and 193, were paid, in your judgment. Give the history of them according to the books.—A. I should say that these two checks for \$50,000 each were presented by Mr. John G. Schumaker, and that there was a certificate issued for \$90,000, and \$10,000 paid in cash. Afterward this \$90,000 certificate was returned, was surrendered, and a new certificate issued to the same party, John G. Schumaker, for \$60,000; and afterward that certificate was returned and cashed for \$60,000. That seems to be the end of it, so far as it can be traced through the journal.

It will be observed, from his testimony, that Mr. Schumaker gives no satisfactory account of any portion of the fortune dropped into his hands except his alleged fee of \$10,000, and that his account of the \$50,000 paid in Washington is strange, dark, and mysterious. The return of checks for the other \$240,000 is still more shrouded in the gloom of the night which hangs over his memory.

When the committee produced to him two additional checks of \$50,000 each, indorsed by him, and the two certificates of deposit above recited, with evidence tending to show the payment to him in cash of the other \$10,000, still not a ray of light dispelled or penetrated the darkness of his recollection. He admitted the signatures, but searched his memory in vain for an explanation. Of the disposition of the \$115,000 returned in smaller checks to Stockwell, (or somebody else,) and of the \$25,000 transmitted to him from California by Irwin, he gives us no possible trace. These sums may have been devoured by the wounded "bulls" or "bears" of the stock-board of New York, or may have swollen the sum of disbursements at Washington.

There remains, therefore, until further evidence can be obtained from Stockwell and King, or until the memory of John G. Schumaker is restored, no satisfactory or credible explanation of the final disbursement of \$335,000 passing through the hands of King and Schumaker.

The committee also followed up certain reports in respect to indications of evidence alleged to exist in the books of the Sergeant-at-Arms of the House. It was alleged that the former book-keeper of that officer had made a memorandum of parties who had presented unusual sums of money at the counter about the time of the passage of the act in question. The committee find that he had at the time made a memorandum of the initials of certain names which he had given to a former Committee on Ways and Means at the time of the examination in February, 1873. That committee, calling before them some of the parties indicated, became satisfied that there was no evidence afforded from that source worthy of confidence. The witness also, finding himself mistaken in points of fact, or of identity, asked leave to withdraw, and did withdraw, his evidence.

This committee had not, therefore, any access to it, but they brought the same witness before them, and searched his memory without other result than obtaining three names among those which he thought his former statement indicated. These gentlemen, astounded by his declaration that his memorandum indicated the presentation by them each of a \$1,000 bill at the office of the Sergeant-at-Arms, voluntarily appeared before the committee and swore that no such transaction had ever occurred in which they had any part. The further fact appeared that they were opponents of the act in question, two of them having voted against the bill, and the other having been at his home at the time of its passage.

The committee have not found the least evidence in the examination of Mr. Dillon, (the book-keeper,) of the Sergeant-at-Arms himself, of the paying-teller, or in the books of the Sergeant-at-Arms, which have also been examined by the committee, which indicates any unusual transactions, or any transaction whatever, involving even a suspicion that it represented a part of the money alleged to have been used in connection with the passage of the act under investigation.

The Committee on Ways and Means have pursued the inquiry ordered by the House with a profound appreciation of its magnitude. A sum of nearly one million of dollars appears to have been disbursed in some sort of connection with the passage of a particular act of Congress. The first impulse of every citizen of the country, partially justified by the bare statement of that fact, leads to the suspicion that it must have been paid to persons whose votes were necessary to the passage of the act. The charge would naturally be applied to the whole body of Congress, in the absence of the individual names involved; and the stain implied in it would rest upon the character of that body as a whole, or at least upon that portion of the body whose votes were recorded in favor of the act. But even this discrimination is rarely made by the rash public judgment. The vast powers conferred by the Constitution upon Congress, and the great interests involved in their legislation at each successive session, are such as ought to be intrusted only to a body which is above reproach and above just suspicion. Any charge which involves the character and reputation of a body exercising such high functions should not be believed unless supported by undoubted evidence. The reputation of the ruling authorities of a republic should be as dear to the people as the courage, the virtue, and the intelligence of its inhabitants. The dishonesty or disgrace of individual members of a legislative body should be carefully limited by the public judgment to the individuals themselves involved. The moral power of a legislature, a judiciary, or an executive consists largely in its just reputation for integrity. No greater evil could befall a country than a false belief in the corruption and venality of its rulers. This danger chiefly exists in a republic, where all the organs of public opinion are unlicensed and absolutely free. It is a peril which has always been appreciated in this country since the beginning of its free government. Washington, in a parting address which he had prepared near the close of his first term of office, and in expectation of leaving the public service, called attention to it in these words: "However necessary it may be to keep a watchful eye over public servants and public measures, yet there ought to be limits to it; for suspicions unfounded and jealousies too lively are irritating to honest feelings, and oftentimes are productive of more evil than good."

Indifference on the part of the people to the integrity of public servants and to the honesty of public measures, on the one hand, and groundless suspicions and unfounded beliefs in their corruption on the other, are equally dangerous to the honor and safety of the country.

The committee have, therefore, appreciated the importance of tracing the money, so alleged to have been disbursed, into the hands where it remained for the compensation of the parties interested, whether in either House of Congress, or belonging to that numerous class of persons who are always found about great capitals, professing to exercise an influence over the action of legislative bodies. To this end the committee have exhausted every resource which the laws or the usages of the House have afforded. The importance of the inquiry, as affecting the reputation of the chief legislature of a great country, increases the

guilt of those persons who, knowing facts which would contribute to the discovery of the truth, have either falsified them or withheld them from the knowledge of the committee.

The results of the evidence are, that about \$900,000 was disbursed upon the allegation that it was used in aid of the passage of the act now under investigation; that about \$565,000 appears to have been paid to the exclusive use of persons having no official connection with such legislation; and that the disposition of the remaining \$335,000 remains in doubt upon the evidence presented, but without any testimony showing that it was a reward paid to any person at that time a member of either House of Congress; and that the uncertainty attending the disposition of this latter sum is owing to the refusal of William S. King to testify the truth, and to the failure or refusal of John G. Schumaker to present all the facts which the committee believe it was in his power to give. The committee are of opinion that the importance of the absent witnesses and of the question involved requires that the investigation should not rest at the point where they are obliged to leave it. In order that another Congress may have it in its power to pursue this inquiry until the guilty parties, if any, are discovered, and that the disgrace belonging to such discovery may attach exclusively to the individuals involved, and not rest upon the Forty-second Congress as a body, they recommend that the evidence, and especially that relating to money paid to these two parties, and to the action of Alden B. Stockwell, be delivered to the Clerk of the House of Representatives, to be laid by him before the next House, of which body J. G. Schumaker and William S. King are members-elect. Mr. King is not a member of the present House and not within its jurisdiction, and the committee is not prepared, therefore, to make any recommendation affecting him, except as embraced in the accompanying resolutions. It is evident that the testimony of Mr. Stockwell may be of vital importance to the credibility of Mr. Schumaker's evidence. The committee think, therefore, that it may better tend to a just disposition of his case to give opportunity for further evidence, and with the strongest motive on the part of this witness to furnish a more satisfactory explanation of his connection with these disbursements.

The adoption of the first resolution accompanying this report is recommended in order to secure the prompt attention of the next House.

The second resolution is recommended, owing to the serious character of the question, involving the veracity of the two witnesses, which seems to demand judicial investigation.

The enormous evil attending the existence of an unregulated lobby, with license to appear before committees and urge measures upon members, upon fraudulent pretense that they are acting for the public interests, when they are privately retained by interested parties, calls for further legislation. The committee deem it necessary, for the protection of Congress against future transactions as discreditable as those they have now brought under review, that a law should be passed requiring every person appearing and advocating measures for a private interest to appear in his true capacity as a retained attorney or agent. They present a bill designed to throw some guards around Congress and the public interests in this respect, and recommend its passage.

The facts of this case also disclose that sums have been paid to influence the action, or in reward of the action, of two employés of this House, and of persons entitled to the privilege of the reporters' gallery. Such practices merit the condemnation of the House. They also present in the bill a provision to prohibit, in the future, this class of persons

from using their positions corruptly, or for pay, to defeat or secure the passage of any measure pending before Congress, and recommend its passage. The committee do not recommend further action in the case of the two employes of this House, who, after the passage of this act, received rewards, as shown in their evidence, being informed that both of them have resigned.

Resolved, That a copy of the testimony taken before the Committee on Ways and Means, upon the question of a corrupt use of money to procure the passage of an act providing for an additional subsidy for the China mail-service, be delivered to the Clerk of the House of Representatives, to be by him laid before the House at the first session of the Forty-fourth Congress, to the end that they may make further inquiry and take due action upon the questions affecting William S. King and John G. Schumaker, and further proceed therein as they shall deem just.

Resolved, That the Clerk of this House transmit to the United States district attorney for the District of Columbia a copy of the evidence taken before the Committee on Ways and Means upon the question of a corrupt use of money to procure the passage of an act providing for an additional subsidy for the China mail service, with direction to lay so much of the same as relates to the truth of the testimony given by William S. King and John G. Schumaker before the grand jury of said District, for such action as the law seems to require.

Resolved, That any reporter or correspondent, having a seat in the gallery by permission of the Speaker, who has received any fee, bribe, or reward in connection with any legislation pending in either House of Congress, should be deprived of such privilege; and such conduct, as disclosed by the evidence taken before the Committee on Ways and Means, is severely censured by the House.

The first of these is the fact that the United States is a young nation. It is only about 150 years old, and its history is therefore a history of rapid growth and change. The second is the fact that the United States is a large nation. It covers a vast area of land, and its population is one of the largest in the world. The third is the fact that the United States is a diverse nation. It is made up of many different peoples, languages, and customs.

The fourth is the fact that the United States is a powerful nation. It has a strong economy, a powerful military, and a large influence in the world. The fifth is the fact that the United States is a free nation. It has a long tradition of freedom, and its people enjoy many rights and liberties. The sixth is the fact that the United States is a democratic nation. Its government is based on the principles of democracy, and its people have the right to elect their representatives.

The seventh is the fact that the United States is a peaceful nation. It has a long history of peace, and it has never been involved in a major war. The eighth is the fact that the United States is a progressive nation. It has been at the forefront of many important movements, such as the civil rights movement and the women's movement. The ninth is the fact that the United States is a nation of opportunity. It has a strong economy, and it offers many opportunities for its people to improve their lives.

The tenth is the fact that the United States is a nation of hope. It has a bright future, and its people are optimistic about the future. The eleventh is the fact that the United States is a nation of love. Its people love their country, and they love each other. The twelfth is the fact that the United States is a nation of faith. It has a strong religious tradition, and its people have faith in God.

The thirteenth is the fact that the United States is a nation of justice. It has a strong legal system, and its people are committed to justice. The fourteenth is the fact that the United States is a nation of integrity. Its people are honest, and they have a strong sense of right and wrong. The fifteenth is the fact that the United States is a nation of courage. Its people are brave, and they are willing to stand up for their beliefs.

The sixteenth is the fact that the United States is a nation of compassion. Its people are kind, and they are willing to help others in need. The seventeenth is the fact that the United States is a nation of respect. Its people respect the rights and freedoms of others, and they are willing to listen to different points of view. The eighteenth is the fact that the United States is a nation of responsibility. Its people are responsible for their actions, and they are committed to making a positive difference in the world.

The nineteenth is the fact that the United States is a nation of innovation. It has a strong tradition of innovation, and its people are always looking for new ways to improve things. The twentieth is the fact that the United States is a nation of leadership. It has been a leader in many important areas, and its people are committed to leading the world in the future.

The twenty-first is the fact that the United States is a nation of unity. Its people are united in their love for their country, and they are committed to working together to make a better future for all. The twenty-second is the fact that the United States is a nation of peace. It has a long history of peace, and it is committed to maintaining peace in the world.

The twenty-third is the fact that the United States is a nation of freedom. It has a long tradition of freedom, and its people enjoy many rights and liberties. The twenty-fourth is the fact that the United States is a nation of democracy. Its government is based on the principles of democracy, and its people have the right to elect their representatives.

CHINA MAIL-SERVICE INVESTIGATION.

TESTIMONY TAKEN BEFORE THE COMMITTEE ON WAYS AND MEANS.

WASHINGTON, *February 25, 1873.*

HERBERT L. BRIDGMAN sworn and examined.

By Mr. MAYNARD:

Question. Please state your age, residence, and occupation.—Answer. I am 28; I reside in Washington; I am a journalist.

Q. With what newspapers are you connected?—A. I am correspondent of the Boston Daily Advertiser.

Q. My attention was called to an issue of that paper of the 21st of the present month, in which the following paragraph appears:

The Committee on Ways and Means have a most inviting field of inquiry thrown open to them by Mr. Randall's resolution directing them to investigate the use of money in the passage of the Pacific Mail subsidy bill last winter. Upon no measure before Congress for a long time has common report been more free and accordant, and, unless greatly mistaken, some of the southern republicans, who expect to compel their recognition in the next Congress by pressing the Credit Mobilier censure in this, will do well to make sure of their own standing.

Will you please state upon what facts and information you predicated that paragraph?—A. The information upon which I wrote that paragraph was given to me by a gentleman connected with the House, and he, I presume, can give the committee the facts upon which he predicated that information.

Q. Who was that gentleman?—A. Mr. H. H. Smith, clerk of the Committee on Claims.

Q. What was the substance of his information?—A. The substance of his information was the fact that a resolution of censure upon all the gentlemen whose names had been mentioned in the Credit Mobilier transaction would be offered in the House by a southern republican.

Q. Did he say who that southern republican was?—A. No, sir; he declined to give me the name. He stated that he was sure of the fact; that he himself had draughted the resolution at the request of the member; and then he conveyed, in general terms, the same idea that I have expressed in the dispatch you have read.

Q. Did he give any names at all?—A. No, sir.

Q. Have you from any source any information bearing upon this inquiry?—A. I do not know the scope of the inquiry sufficiently well to answer.

Q. The scope of the inquiry is to ascertain whether the subsidy-legislation in behalf of the Pacific Mail Company of the last session was procured by corrupt or indirect means, or undue appliances of any kind.—A. No, sir; I only know what I have been told by gentlemen who are not members of the House; concerning any members of the House I have no information whatever.

Q. Who, is it understood, were the agents of that company lobbying them here?—A. I know nothing of that except what I have been told; no person ever approached me, directly or indirectly, to do or say anything in behalf of the company. I was told of a gentleman who had some interest in the matter, and who was present that year; but he never approached me on the subject, or had any conversation with me in regard to it.

Q. Who was the gentleman?—A. There is a gentleman, I think, by the name of Samuel F. Irvin, or Irwin; his name was frequently mentioned to me last winter as having something to do with the company, or as having some interest in the company. I know nothing of this gentleman, as to who he is or where he is.

Q. Then the knowledge upon which you sent the paragraph I have read is derived from your conversation with Mr. Smith, and the substance of that conversation you have stated?—A. Yes, sir; the substance of the conversation was the general effect of the paragraph you have read.

Q. You understood from what he said or what he suggested that certain southern republicans had been unduly and corruptly influenced in the matter of that legislation?—A. No, sir; I do not know that I could state it as strongly as that.

Q. You understood him to mean that?—A. I do not know that I would even go as far as that. I understood that certain southern republicans were to make an effort to turn the present condition of affairs to their advantage, and I am pretty positive in my recollection that, in the course of this conversation, this idea in regard to the Pacific Mail subsidy was developed, but I would not put upon him the responsibility of making that suggestion.

Q. Did he give you the names of any who had been so influenced?—A. No, sir; you will see in another part of that paper another dispatch in which the same idea is given in even more explicit terms.

Q. That he had drawn up a resolution of censure at the instance of some southern republicans?—A. Yes, sir; that he had drawn up such resolutions.

Q. Did you understand whether the gentlemen whom he mentioned in that connection were members-elect to the next House?—A. I do not think that precise point was touched upon in conversation.

By Mr. KERR:

Q. How long have you been about the Capitol?—A. I came to Washington the 9th of October, 1871, and I think I was here every day of the last session, and, so far, every day during the present session.

Q. Where do you spend the most of your time, in the House or in the Senate?—A. I spend most of the time at this end of the Capitol, though, if there is anything of interest I go over to the Senate wing.

Q. Did you hear any other person spoken of as manager of that subsidy business except Mr. Irwin?—A. No, sir; I think I heard of nobody who was supposed to have any authority for the company. I may have heard some other persons who were about the Capitol mentioned, but nobody who was supposed to have any influence.

WASHINGTON, *February* 25, 1873.

WILLIAM S. KING sworn and examined.

By Mr. KERR:

Question. Please state your age, residence, and position in the House.

—Answer. I am forty-four; I reside at Minneapolis, Minn.; I am Postmaster of the House of Representatives.

Q. How long have you held that office?—A. During the Thirty-seventh, Thirty-eighth, Fortieth, Forty-first, and, so far, the Forty-second Congresses.

Q. When were you summoned to appear before this committee?—A. I first received a summons by telegraph about fifteen or twenty minutes after leaving Wilmington, Del., on the express to New York last Friday afternoon, about 6 o'clock.

Q. Where next?—A. At the office of the Northern Pacific Railroad Company, New York.

Q. Who served the summons upon you?—A. Mr. Barons, I believe his name is.

Q. Who is Mr. Barons?—A. I do not know. I understand him to be a deputy sergeant-at-arms.

Q. When did you leave for New York?—A. I left on the 1 o'clock train, Friday.

Q. What did you go to New York for?—A. I went for the purpose of closing up some business of the firm of Payson, Canda & Co., of which firm I am a member, and in relation to a contract for the construction of a division of the Northern Pacific Railroad.

Q. Who were the persons you met for the purpose of making that settlement?—A. General Cass, president of the Northern Pacific, Charles B. Wright, and Frederick Billings, of the executive committee.

Q. Where did you meet them?—A. In the office of the Northern Pacific Railroad Company, New York.

Q. Had you any other business in New York besides that?—A. No, sir; no other business whatever. I have been in New York most of the time during the last 8 or 10 days, having had some little difficulty in making the settlement; I left New York Tuesday night for Washington to procure some papers in my possession here relating to a private business transaction I had with Mr. Frederick Billings.

Q. What did that private transaction relate to?—A. I wish to say that I do not know that there is a question on earth that I am not willing to answer, although it may relate to matters purely private, and that I will answer this question, if the committee so direct it, frankly, although it has no connection whatever with this investigation, or any matter of public concern of any description.

Q. Do you own any of the stock of the Pacific Mail Steamship Company?—A. Not a dollar.

Q. Did you ever own any of that stock?—A. No, sir; I believe not. I hesitate to answer the question directly, because I did once deal in Pacific Mail. I recollect that a friend advised me on one occasion to sell short, which I did, and lost quite heavily on it in consequence.

Q. Have you never held any of this stock?—A. I never did, directly or indirectly, other than I have stated. I never owned a dollar of it in my life, and this transaction of selling short, to which I have referred, and on which I lost \$2,490, transpired four, five, or six years ago.

Q. Did you meet the officers of the Pacific Mail Steamship Company while you were in New York?—A. I met Mr. Stockwell, the president.

Q. Did you meet any other officer of that company?—A. Not to my knowledge; I don't know who they are.

Q. Who else did you meet there?—A. I met Mr. Frederic Billings.

Q. Has he any connection with the Pacific Mail Steamship Company?—A. He is a director.

Q. Did you have a talk with him about this investigation?—A. We talked about the matter—this investigation.

Q. Did you talk about the same thing with Mr. Stockwell?—A. Very little; I saw Mr. Stockwell not more than three or five minutes.

Q. Where did you see him?—A. At Mr. Billings's room, at the Brevoort House. I think the room is 126, where Mr. Billings lives when he is in New York.

Q. And you only talked five minutes on the subject?—A. Not to exceed that. I doubt if as long.

Q. Did you meet the secretary of the company there?—A. I do not know that I did; I do not know the secretary of the company.

Q. Did you meet a Mr. Johnson?—A. I did not.

Q. Does Mr. Stockwell live at the Brevoort House?—A. I think not; I think his residence is up town somewhere.

Q. How did he come to be there?—A. I cannot tell you; I have no knowledge.

Q. Did you send any telegrams from here before you went?—A. No, sir; I sent a telegram from Baltimore, on my way, to Mr. Billings, requesting him to engage a room for me at the Brevoort House.

Q. Have you a copy of that telegram?—A. No, sir; I have not.

Q. Can you repeat it?—A. It was substantially, "I am in the noon train; will you engage rooms for myself and wife at the Brevoort House?"

Q. Was that all?—A. That is all I can recollect.

Q. Did you say anything in that about the Pacific Mail matter?—A. Not a word.

Q. Did you write before and ask him to meet you there?—A. I never wrote a word to any officer of that steamship company in my life.

Q. Not a word?—A. Never a word or letter.

Q. Do you know who was president of that company during the last long session of Congress?—A. I only know from chance report that Mr. Stockwell was president.

Q. Was Mr. Stockwell here during the session?—A. I am not aware that he was; I never saw him here.

Q. Who was there representing the company?—A. I understood that Mr. Richard B. Irwin was.

Q. Who is he?—A. He resides in San Francisco. He was at that time agent of the Pacific Mail Steamship Company in San Francisco, as I understood.

Q. What agent did the company have here?—A. I do not know of any other. I think Mr. Irwin told me he was here on that business.

Q. Did they not have some local agent here whom you knew?—A. That recalls to my recollection that I think there was a Mr. Abert here, who had been in the habit of collecting moneys from the Government for them, or something of that kind.

Q. Did you not know other gentlemen here interested in that company, or in their service?—A. No, sir.

Q. You feel pretty clear on that subject, do you?—A. Yes, sir.

Q. Do you know Mr. Holman?—A. I know W. S. Holman, a member of the House.

Q. Do you know another man by that name here?—A. No, sir; I don't recollect any other.

Q. When you were talking with Richard B. Irwin, for what purpose did he tell you that he was agent of that company?—A. I cannot say about that; he told me he was here in regard to that matter.

Q. Had you known him before?—A. No, sir.

Q. How did you come to know him then?—A. I think he was advised to make my acquaintance, to see if I could be of any service to him in this matter that he came here charged with.

Q. What was the object of his visit to you?—A. I presume it was to see if I could render him any assistance in the matter of legislation in which he was interested.

Q. What proposition did he make to you?—A. He made no proposition.

Q. What did he say?—A. He said they were anxious to get a subsidy, and that he thought they ought to have it.

Q. What else?—A. I cannot remember anything, except the general idea of the conversation.

Q. He did not say anything to you about desiring your services in getting the subsidy?—A. Yes; he said he wanted me to help what I could; to which I replied, as I have already stated, that I would do anything I could in that direction.

Q. Then what did he say?—A. That is all he said.

Q. Simply that he wanted you to help him; he did not say anything more?—A. Nothing more.

Q. He did not go into any details at all?—A. No, sir.

Q. He did not tell you anything about any compensation?—A. Nothing.

Q. He did not ask any advice of you?—A. No, sir; Mr. Irwin is a man, I should think, who asks the advice of nobody. He is a very intelligent gentleman.

Q. How long was your interview with him?—A. Really, I could not say. I may have talked with him on a half a dozen different occasions during the pending of the bill. He would sometimes call at my office and ask me how things looked, and what I thought of the prospects of the bill.

Q. Where is your office?—A. The post-office of the House, immediately under this room.

Q. How often do you suppose you had interviews with him?—A. I cannot say; he may have called there half a dozen times, and it may have been less, and it may have been more. It is something I did not charge my mind with.

Q. May it not have been as often as fifty times?—A. I should say it was less.

Q. As often as thirty times?—A. I should say that I saw him half a dozen times altogether, and probably not more.

Q. When you say he called during the pendency of the bill, do you mean the steamship bill?—A. Yes, sir.

Q. Did you hear any rumors, during the pendency of that bill, of money being used here by the steamship company?—A. Yes, sir; I have no doubt rumors were reported among the members of the patriotic corps who are about this Capitol.

Q. Whom do you mean by the patriotic corps?—A. I mean quite a strong body of gentlemen, who seem to have no visible means of support about the Capitol, but who are frequently here, and apparently deeply engaged in legislation.

Q. Were any of these men apparently looking after the Pacific Mail

Steamship Company?—A. I could not tell you. I heard them talking about that in conversation.

Q. Did you ever talk with any of these people on the subject of that subsidy yourself?—A. Very likely, in a general way; I cannot say that I did or that I did not. The office of the House post-office is a public one, where people are coming in and going out, and I generally talk with people who come in there.

Q. Did you ever hear rumors of any officer of the House who was interested in that subsidy, and was electioneering for it?—A. Not until I heard it lately through the press.

Q. You never heard of any officers of the House being interested in that subsidy before?—A. No, sir; except in this general talk to which I have referred.

Q. You have not told me about the general talk on that subject.—A. I refer to this debate which occurred on the floor of the House, in which the charge was made upon members of Congress that money was being used here by men who were in these lobbies, and who were in and around the Capitol, and I have heard the same kind of talk among that class of people.

Q. What kind of talk have you heard among those people?—A. I have heard them discussing this same question.

Q. Were they approving of what it was charged was being done, or denouncing it?—A. I cannot tell you that; it was a general talk about it.

Q. You have a singularly imperfect memory.—A. I do not treasure up in my memory all the talk I hear about the office; I cannot repeat to you these conversations which I hear every day upon a thousand different topics which form the subject of conversation among people who come there.

Q. You cannot state whether the conversations you heard were in favor of or against the subsidy?—A. No, sir.

Q. Then you do not know whether there was a lobby here for or against the bill?—A. I do not.

Q. You would quite as soon believe that they were opposing the proposition for a subsidy as that they were favoring it?—A. I have no opinion to express upon that subject.

Q. If you have any opinion at all upon that subject, will you be kind enough to express it?—A. I have none, and I cannot express any.

Q. Do you mean to say that you have been an officer during these sessions of Congress; that you have seen these men in these lobbies; have heard a great deal of talk, and yet you have no opinion as to what it was about, or whether it was in favor of or in opposition to the measure?—A. I cannot; I could as well undertake to repeat the conversation of a town meeting in an exciting election as to give you any of the conversation I heard about this matter.

Q. I am not talking about the language used, I am asking you for facts and conclusions, and I think it would be a very unusual circumstance if a gentleman was not able to repeat something that had occurred at a town meeting?—A. If he was a candidate he probably could.

Q. Whether he was a candidate or not. I ask you again if you cannot give the substance of any conversation upon the subject?—A. I cannot.

Q. Have you any distinct information that anybody lobbied against the bill?—A. I have not.

Q. And you do not know whether the people had any friends or not?—A. Not outside of the gentleman I have referred to.

Q. Outside of this single man, Richard B. Irwin, you do not know a friend the company had here?—A. Only except by general rumor.

Q. He is the only gentleman you have any knowledge of who was in favor of the measure?—A. I could not answer you more explicitly than I have.

Q. You do not know of any man who is a friend of that scheme, besides Richard B. Irwin?—A. I may know a great many as friends; I do not know any who are here.

Q. Be kind enough to explain what you mean by that answer.—A. People call upon me in my office every day in large numbers and converse upon the current topics of legislative interest; one expresses an opinion for a measure and another expresses an opinion against it, and that was the fact in regard to this Pacific Mail Company subsidy; but I cannot state who the parties were, and I do not know that, *per se*, there was a friend of the measure here in the interest of the company.

Q. I do not know exactly what you mean by a friend, *per se*, in the interest of the measure?—A. I mean a friend of the company here taking an especial interest.

Q. I ask you again to state whether you know a single person who was here as a friend of that enterprise, except Mr. Irwin.—A. I don't know how I can answer your question other than I have.

Q. You can answer it by saying yes or no.—A. Then I must say no.

Q. Are you aware that it was commonly rumored during that time that you were acting in the interest of the company?—A. I was not aware of any such rumor until within a day or two.

Q. Are you aware that it was commonly rumored that you were the hired agent of that scheme?—A. No, sir; I was not aware of that fact.

Q. Are you aware of the fact that it was commonly rumored and believed about the House that both you and Mr. Stevens on the floor of the House were in the service of that company for money?—A. No, sir; I do not know what Stevens you refer to.

Q. I refer to the librarian of the floor library.—A. No, sir; I have no knowledge whatever on that subject.

Q. Did you, during that time, or at any time, in connection with the scheme, attempt to exercise any influence in behalf of the enactment of that law?—A. I talked with some members about it in a general way.

Q. For it or against it?—A. For it.

Q. Always for it?—A. Always for it.

Q. With whom did you talk?—A. I cannot recollect; I think I talked with the Representative of my own district, General John T. Averill. I think I remember talking with both the Representatives from Minnesota.

Q. Can you say that you talked with other than these two men?—A. I cannot say; if I did it was in the way of ordinary conversation.

Q. We must assume that you are a very intelligent man, with a clear and well-defined memory?—A. That is your privilege, of course.

Q. Now, then, I ask you to state with whom you did talk among members of that Congress on that subject.—A. I have answered you to the best of my recollection.

Q. I ask you to give the names.—A. I have given you all the names I can state.

Q. Only the two Representatives from Minnesota?—A. I cannot give you any other name.

Q. Can you state whether you talked with Mr. Dawes, or not?—A. I cannot state whether I did or not.

Q. I assume that you did not talk with Mr. Dawes at all. Tell me whether you talked with Mr. Golladay, of Tennessee.—A. I have no recollection.

Q. Or Mr. Gavett, of Tennessee.—A. I do not know that I know Mr.

Gavett personally. I presume if I were to be introduced to him I should recognize him at once, but I would not now be able to call him by name.

Q. You swore a while ago that you knew of no other man who was employed in the capacity of a lobbyist during that time, or who was working as a friend of that scheme, except Mr. Irwin; now you swear that you were a friend of that scheme, and that you were talking in its interest.—A. You did not then ask me whether I was friendly to that scheme or not. You were asking me for others than myself.

Q. I have the right to put the question as I please.—A. And I to answer you in that way.

Q. Is that true?—A. That I was favoring it? Yes, sir; it is true.

Q. When did you begin to favor it, how early in the session?—A. I cannot say; I presume as early as it was introduced.

Q. Do you remember when it was introduced?—A. I do not.

Q. Do you remember when it was passed?—A. I cannot. I cannot state the details at all.

Q. Did you ever have any correspondence with Mr. Stockwell on the subject?—A. Not a syllable.

Q. Did Mr. Irwin use any money here to secure that subsidy?—A. Not to my knowledge.

Q. Did anybody use any?—A. Not to my knowledge.

Q. Did you ever hear anybody charged with using any?—A. Yes, sir. As I have said, I heard the charge made on the floor by members.

Q. Never off the floor?—A. No, sir.

Q. You never heard the charge made in the lobby?—A. As I say, I have heard of these rumors growing out of the discussions on the floor; that is all.

Q. That is a very plain answer. You have, then, heard it talked about in the lobby?—A. Just as I have said in my previous answer.

Q. What was the purport of the talk you heard in the lobby about the expenditure of money?—A. The same rumors that I have stated.

Q. What amount did you hear named?—A. I never heard any amount named; these fellows never name amounts; they deal in generalities about these things.

Q. You do not know anything about any sums used?—A. I do not know of the expenditure of one dollar.

Q. How long was Mr. Irwin here?—A. I cannot say. I should think he was here most of the time during the pendency of the measure.

Q. Is your memory about private affairs as poor as it is about this matter?—A. I do not know how poor my memory may be considered about this matter.

Q. I will then ask you the direct question whether you received money for your services in behalf of this scheme.—A. Not one dollar, directly or indirectly.

Q. Did you ever expend any money for anybody yourself?—A. Not one dollar, directly or indirectly; not a single dollar.

Q. Where did you keep your bank-account?—A. I am sorry to say I have no bank-account.

A. You keep none ever?—A. No, sir.

Q. You are a wealthy man, are you not?—A. I am not certain about that; I am in comfortable circumstances.

Q. Yet you keep no bank-account whatever?—A. No, sir; if I have a note coming to me for collection, I pay it wherever it is presented. I do not think I have ever kept a bank-account in Washington, or that I have had particular occasion to.

Q. Do you know of any employes of the House using any money in the interest of the company?—A. I do not.

Q. When you were in New York, did you discuss with these officers of the company whom you met there the nature of your testimony before this committee?—A. I did not.

Q. You talked about this investigation?—A. I did, very briefly.

Q. What was the substance of your talk about it?—A. I was discussing this private business with Mr. Billings in his room, when Mr. Stockwell and another gentleman came in. Mr. Billings asked me if I knew Mr. Stockwell, to which I replied that I had met him once before. Mr. Stockwell asked me what was going on here in Washington; I said, I suppose, "You know they are going to investigate the affairs of your company." He said he did.

Q. Was that all he said?—A. No, sir; that was not all he said.

Q. What else did he say?—A. He said he was perfectly willing the company should be investigated, but that it would make him a good deal of trouble and loss in leaving his business-matters to come here.

Q. What loss?—A. I heard afterward of some rather heavy dealings of stock-operations; that they were making a fight against him; and that it would endanger him if he were to leave.

Q. What stocks was he operating in?—A. I do not know; I did not ask Mr. Stockwell about his business.

Q. Is Pacific Mail stock upon the boards now?—A. I do not know.

Q. Do you know anything of the price of stock during the pendency of that legislation?—A. Nothing.

Q. Did you ever talk with Mr. Billings or Mr. Irwin about that?—A. Never.

Q. What is your salary?—A. I do not know that I can tell you; I think it is \$2,560; I am not certain.

Q. It is a matter of indifference to you, it seems; you do not live on that amount of salary, do you?

The WITNESS. Would it be proper for me to ask what your salary was?

Mr. KERR. No; because I am not testifying as a witness; if I were, I suppose it would.

The WITNESS. Would it be proper for me to ask if you live on your salary?

Mr. KERR. It would be proper if I were on the witness-stand; but these are not our relations just now.

The WITNESS. I know our relations are very different.

Mr. KERR. Then will you answer my direct question?

The WITNESS. What is your question?

Q. What is your salary?—A. I think it is \$2,560.

Q. Is that all?—A. Yes, sir.

Q. Are you engaged in any outside business?—A. Yes, sir.

Q. What is it?—A. Railroad-contracting and farming.

Q. Do you contract to build railroads?—A. Yes, sir; I am a member of the firm of Payson, Canda & Co., who have a contract for constructing the Northern Pacific Railroad from the Red River of the North to the Missouri River. I was also a member of the Northwestern Construction Company, which built the road from the junction, fifteen miles west of Du Luth, to the Red River of the North.

Q. Who are the members of these companies?—A. The members of the Northwestern Construction Company are D. Morrison, W. H. Eastman, D. C. Shepard, William D. Washburn, William S. King, John L. Merriam, H. R. Payson, F. E. Canda, John Ross, A. McDonald, Balch,

and George A. Brockett. The firm of Payson, Canda & Co., constructing the road from the Red River to the Missouri River, is composed of D. Morrison, George A. Brockett, William S. King, H. R. Payson, and F. E. Canda.

Q. Then your partners in the firm of Payson, Canda & Co. do not reside here?—A. The gentlemen who are my associates are now in New York endeavoring to arrange in regard to settlements under their contract.

By Mr. BURCHARD:

Q. At what time did you talk with Mr. Irwin about this matter?—

A. I could not say; it was during the discussion of the measure.

Q. The matter was pending for some little time; do you remember when you had your first interview with him?—A. No, sir; I do not.

Q. What was the matter you talked about?—A. It was, as I recollect, the question of a double subsidy to the Pacific Mail Steamship Company for the Japan and China service.

Q. While that was pending in the House you had this conversation?—A. Yes, sir.

Q. Had you talked about it before that?—A. I think I had; and if the committee will pardon me, I can explain my motive. I am largely interested in the Northern Pacific Railroad as a stockholder. That company, of course, felt a great interest in the increase of trade which the increase of mail-steamship service would bring to the Pacific coast. For that reason I felt great interest and anxiety for the success of the measure, and that was the only motive I had.

Q. Do you remember that Mr. Averill, a member of your State, was opposed to it at first?—A. No, sir; I do not think he was.

Q. What other western members did you talk with?—A. I do not know that I talked with anybody. Your question does recall to me the fact that I talked with Mr. Burchard one day about it, and I will tell you how the conversation came up. There was a sharp little passage at arms in the House, in which some patriotic sentiment was uttered, and I think I said, "That is the talk; I like to hear an American congressman talk that way." If I recollect, Mr. Burchard came up about that time, and commenced sailing into the measure pretty vigorously.

Q. Did you confine your patriotic expression of sentiment to those who favored the measure?—A. That is hardly a question I could answer. It was one of those little things that I recall in the conversation.

Q. I have no recollection of that conversation. Did you talk with other members from Illinois or Ohio?—A. I cannot say whether I did or not. If the subject was mentioned in their presence, I certainly talked about it.

Q. It was not these patriotic ideas so much as the Northern Pacific Railroad that interested you?—A. It was both; I believe in both.

Q. Was this while the measure was pending in the House, and during the first discussion there?—A. I think it was; and that recalls a fact I had forgotten—that the measure had different discussions in the House. I remember now that it was once defeated in the House, put on in the Senate, and finally passed in the House as a Senate amendment. I cannot say whether it was during the first or last discussion, or both, that these conversations occurred.

Q. You do not know any other persons with whom you conversed?—A. No, sir.

Q. You say you never talked with any other members of the House on the subject except those you named?—A. I did not mean to be

understood as saying that. I say I have no recollection of having a talk upon this question distinct enough to justify me in swearing that I did or did not. I may have talked among the members if they mentioned the subject; I would most certainly have talked about it, for I am pretty free in my conversation.

Q. You were asked if you had any conversation with my colleague, Mr. Garrett, on that subject; did you have a conversation with any others of my colleagues from Tennessee?—A. Not to my knowledge.

Q. Did you ever see a list of the members of the House who could be relied upon to vote for the measure?—A. I never did.

Q. You say you had half a dozen conversations with Mr. Irwin. Was that before the measure finally passed, or afterwards?—A. I do not recollect that I ever saw Mr. Irwin after the measure passed until I met him in San Francisco last fall.

Q. You say he applied to you to assist him?—A. Yes, sir; he asked me if I could do anything to aid in the passage of the measure, and said he would be glad if I could. That is not a very uncommon thing. I am asked the same thing very often.

Q. Was there any offer to pay you for your services?—A. No, sir. I was known to be friendly to this thing from the first. I was very anxious to see the subsidy granted, and there was no necessity to pay me for my services.

Q. You saw Mr. Irwin in San Francisco; does he reside there?—A. He now resides there, as I understand.

Q. You do not know any other person who was in the employ of the company to present the case properly and legitimately to the House?—A. I do not.

Q. Do you know, or have you any reason to believe, that any money was paid, directly or indirectly, by the Pacific Mail Steamship Company, or by any agent of that company, to any member of either House of Congress?—A. I have no knowledge, directly or indirectly, that any member of the House or any member of the Senate ever received from the Pacific Mail Steamship Company, or any agent of that company, or any person authorized or unauthorized to represent the company, one dollar.

Q. Do you know, or have you any reason to believe, that any money was paid, directly or indirectly, by the Pacific Mail Steamship Company, or by any agent of that company, to any member of either House of Congress?—A. I have no such knowledge, and I have no reason to believe it, save the fact that the House has ordered this investigation.

Q. Do you believe it?—A. I do not.

Q. You say, then, with the responsibility that attaches to your present position, that you do not believe that any money passed from the company, or any of its agents, directly or indirectly, to any member of either House of Congress?—A. I do say that I have no reason to believe that any such transaction occurred, and I do not believe it. I do not believe this Congress is made up of cut-throats and robbers.

Q. Did you see, at any time about April or May last, in or around the Capitol, large-sized bills in the possession of any person; bills of the denomination of \$1,000, for instance?—A. I did not, unless I may have seen some in the Sergeant-at-Arms' room. Persons very frequently ask me if I cannot get money changed for them; and I frequently send a \$50 note or a \$100 note to the Sergeant-at-Arms, to get it changed; but I do not know that I ever saw a \$1,000 bill in the Capitol; I have no recollection that I did.

Q. They are very unusual, are they?—A. They are with me.

WASHINGTON, D. C., *February 26, 1873.*

H. H. SMITH sworn and examined.

By Mr. MAYNARD:

Question. Please state your age, residence, and occupation.—Answer. I am thirty-one; I am clerk of the Committee of Claims of the House; I reside at 923 G street, Washington.

Q. Are you acquainted with Mr. Bridgman, correspondent of the Boston Advertiser?—A. Yes, sir.

Q. Some days ago he sent a communication to that paper to the effect that the southern republicans were implicated, dishonorably and corruptly, in the legislation in regard to the Pacific Mail Company of last session; he referred to you as his sole informer, and repeated a conversation he had with you. Please give us your recollection of that conversation.—A. Mr. Bridgman and other newspaper correspondents are in the habit of coming frequently to my room for items of information. Several days ago, on coming there, he asked me what I knew about Pacific Mail. I replied that I had heard various rumors in regard to it. The statement had been made in my own room, where members are in the habit of coming frequently, that a member from Louisiana had made a proposition to control certain votes upon that subsidy; that for \$50,000 he would undertake to influence certain votes. Mr. Bridgman seemed to be in possession of the same rumor, which he stated to me substantially in the same way. I know it was current along Newspaper Row, on Fourteenth street, and that I heard it that night in two or three of the offices as a common subject of conversation.

Q. Please state all the conversation you had with him on this occasion.—A. That is all in regard to Pacific Mail. The other portion of the conversation was looking to action in the next Congress. I stated that in riding up to the Capitol in a car with a southern republican, whom I did not name, in a conversation about the organization of the next Congress, he said the southern republicans had not been fairly dealt with in this Congress, and that they would doubtless be disposed to take some action to remedy that in the organization of the next Congress.

Q. Did you tell him you had drawn up a resolution on that subject?—A. No, sir. I had copied a resolution and I had also copied a private letter for a gentleman which he had received regarding the action of a delegation of a Southern State, looking to action purely of a State character. I draughted no resolution. I did copy one, which was designed to be shown about among southern members of Congress and to be presented at a republican caucus preliminary to the organization of the Forty-third Congress.

Q. Did that relate to any investigation now going on in the House?—A. Not at all. I stated to Mr. Bridgman that I knew nothing on that subject. I had, however, heard a conversation between seven or eight members of the House, in the committee-room, regarding the Pacific Mail subsidy, in which the proposition of the member to whom I have referred seemed to be pretty well understood and to be news to no one.

Q. Whom had he made the proposition to?—A. To the president of the company. I think it was Mr. Garrison. I do not remember the name.

Q. Who was the member making the proposition?—A. Mr. J. H. Sypher.

Q. Who gave you the information that he had proposed to influence 14 votes for \$50,000?—A. I first heard it along in the "Row." I think probably I heard it first in the office of the Chicago Tribune.

Q. Who spoke of it in the conversation you heard in the committee-room?—A. I am not sure whether Governor Blair or Judge Ambler first mentioned the matter; Mr. Bingham of Ohio, Mr. Foster of Ohio, and others. I think at least seven or eight were present.

Q. Can you give us the name of any party who can furnish information touching that matter?—A. I only remember a conversation with Mr. Cowlam, who was a clerk for General Butler, who came to me with a letter about a matter pending before our committee. He spoke about the Pacific Mail as a matter likely to be brought up in the next Congress. I heard that there was a dispatch sent to the New York Herald representing that if these gentlemen escaped Scylla they might run upon Charybdis.

Q. What gentlemen might run upon Charybdis?—A. No name was stated.

Q. What did you say about copying a resolution to be circulated among southern republican members of Congress?—A. The dispatch of Mr. Bridgman, to which you refer, speaks of a resolution to be introduced into the House in reference to the Credit Mobilier matter. He did not get any information from me in regard to that. Our conversation referred to the senatorial election in Alabama, and the next Congress.

Q. Who prepared the resolution you copied to be shown to southern members?—A. That was to be shown to a delegation in the Alabama legislature in regard to the senatorial election in that State.

Q. I am now inquiring of you about one which was to be presented to the republican caucus.—A. I copied nothing relating to the next Congress. What I stated on that subject was a conversation I had with a southern member in a street-car on the way to the Capitol.

Q. What southern member was that?—A. Clinton L. Cobb. He stated that the interests of the South had not been fairly represented in this Congress, upon important committees. No point was made on the subject of chairmanships, but he said it was due to the South that they should be represented in the important committees of the House, and that some action would be taken by the southern republicans in the organization of the next Congress to set that right.

Q. Did Mr. Cobb say anything about any action to be taken in regard to gentlemen supposed to be connected with the Credit Mobilier?—A. No, sir; nothing was said upon that subject.

Q. Was Mr. Cobb connected with the Pacific Mail?—A. No, sir; not that I ever heard of.

Q. Have you ever heard anything affecting his purity of character?—A. No, sir; on the contrary all I have ever heard about him was in his favor.

Q. All you know, then, was this casual conversation in which he expressed the opinion that southern gentlemen had not been placed upon committees so as to give the South its due influence in matters of legislation?—A. That was all, and Mr. Bridgman seemed to be perfectly familiar with that.

Q. How did Mr. Bridgman connect that with the Sypher transaction, and with his statement about the Credit Mobilier; they seemed to be all mixed together in his dispatch?—A. I cannot answer that; it did not grow out of our conversation.

Q. Do you know what members were referred to whose votes Mr. Sypher could influence?—A. No, sir; I have heard all sorts of rumors in the newspapers.

Q. Who were understood to be the agents about the Capitol of the

Pacific Mail?—A. I have heard of a Mr. Irwin. I do not know anything about him or even know him.

Q. Did you ever hear Mr. King, the Postmaster of the House, mentioned in that connection?—A. Only from the statement I saw in the Star the other day, that he had been before this committee. I had heard of his being connected with the Northern Pacific Railroad, and I understood that that road was more or less interested in the results of the Pacific Mail service. I think that statement was made to me by Mr. Cowlam, who was an employé of the post-office of the House, under Mr. King.

Q. What is Mr. Cowlam's post-office business?—A. I do not know, except I think that he is an employé in the post-office.

Q. And he is a clerk for General Butler?—A. Yes, sir.

Q. He is paid as a messenger in the post-office?—A. I think so.

Q. Did you hear the names of no members whose votes Mr. Sypher was to influence mentioned?—A. I merely heard the rumor mentioned that the proposition had been made. I think it was a matter of general conversation in the committee-room where these members were talking. They were broken up into groups, and were conversing about various matters. I think Governor Blair made the statement at one time as having heard that the rumor was current that such a proposition had been made, and that this Mr. Garrison would probably testify that the proposition had in fact been made to him by Mr. Sypher.

Q. Have you stated all you know bearing upon the subject of this investigation?—A. Yes, sir; and I really know nothing beyond the merest rumor. I stated nothing that Mr. Bridgman did not seem to be perfectly familiar with in the conversation I had with him, and in fact he gave me more information than I did him.

Q. I understand you to deny that you copied any resolution to be shown to southern members of the House, in reference to the Credit Mobilier matter, or that you made any such statement to Mr. Bridgman?—A. I did not so state. The resolution I copied was to be presented at a private caucus of southern republicans in the Alabama legislature, and which was not to be used here in Washington at all. Mr. Cobb's statement was that a resolution was to be introduced into the caucus of the republican members of Congress for Speaker. He did not have that resolution with him; it was simply a statement that he made to me in the car.

By Mr. BURCHARD:

Q. When did this conversation occur with Mr. Bridgman?—A. It must have been about the middle of last week.

Q. When did this conversation between members of Congress in your committee-room occur?—A. I think it was the morning previous.

Q. It was during this month?—A. Yes, sir.

Q. At what time was it that you heard the reports in Newspaper Row on this subject?—A. I think the latter part of the previous week.

Q. Had you heard such rumors before during the present session?—A. They have been a matter of discussion between newspaper men, more or less.

Q. You heard the rumor stated in the committee-room by Governor Blair?—A. I think the rumor was mentioned by some one else, and that Governor Blair stated he had heard such a rumor before.

Q. You also had heard such a rumor before?—A. In Newspaper Row, as I stated.

Q. And you heard no names mentioned whom Mr. Sypher was to

influence?—A. I think I heard he was to influence the Louisiana delegation.

By Mr. MAYNARD:

Q. Do you understand that it is the duty of a newspaper correspondent to pick up every rumor afloat and send it out as an absolute verity?

—A. There seems to be a kind of rivalry as to what shall be sent. I have written items of a few sentences about some ordinary matter and have seen it grow into a dispatch of some fifteen or twenty lines, containing the most exaggerated statements; but that applies only to certain newspapers, whose correspondents here seem to think it necessary to have only a grain of wheat to a bushel of chaff.

WASHINGTON, *February* 28, 1873.

CORNELIUS K. GARRISON sworn and examined.

By the CHAIRMAN;

Question. State your business.—Answer. My business is steamshiping.

Q. Are you interested in any particular steamship-lines?—A. Yes, sir; I am interested in two or three; I am interested in the United States and Brazil Steamship Line, and I am interested directly in a line of steamers running from New York to Havana.

Q. Were you here at the last session of Congress seeking a subsidy for the Brazil Line?—A. I was.

Q. Was it at the same time the Pacific Mail Steamship Line were seeking a subsidy for their line?—A. Yes, sir.

Q. The Pacific Mail succeeded in getting theirs, I believe, and you failed to get yours?—A. Yes, sir.

Q. Who represented the Pacific Mail here?—A. Mr. Irwin appeared to have the management of affairs.

Q. Did you know anybody immediately connected with the company who was here in their behalf?—A. Mr. Stockwell, the president, was down here for a day or two.

Q. Who represented your company here?—A. I represented it myself.

Q. Were any others aiding Mr. Irwin and Mr. Stockwell, that you know of?—A. Only from public rumor—not of my own knowledge.

Q. Did your subsidy pass the Senate?—A. Yes, sir; but it failed in the House.

Q. Was yours defeated before or after the Pacific Mail passed?—A. Immediately after—the next vote.

Q. Do you remember the majority by which theirs was carried?—A. No, sir; I do not recollect precisely. It was not very large.

Q. Do you remember the majority by which yours was defeated?—A. I think it was defeated by about forty votes.

Q. Of course, there must have been those who supported theirs and voted against yours?—A. Yes, sir.

Q. Is there anything that you know of that accounts for that change in votes?—A. I could only account for it at the time by supposing that, my being a novice in Washington legislation, there were means of reaching members of Congress that I did not know of or could not afford to adopt.

Q. Do you mean to say by that that you had not the art of presenting the merits of your claims so fully as those who represented theirs?—

A. I think I had the knowledge and presented it, in a proper business form, as understandingly as the other was presented.

Q. You then attributed the change to some other influence?—A. To some other influence that I did not use or did not possess.

Q. To what do you allude as the other influence?—A. I have always supposed that large sums of money were used, but I know nothing of it.

Q. What led you to that supposition?—A. That my bill had, in my judgment, more merits than the other, although I failed and they succeeded. They already had a large subsidy, and I had a small one.

Q. Did you hear anything here that led to that conclusion?—A. Only that there was a general talk outside that it was necessary for me to use large sums of money.

Q. Who told you that? Give us the whole history of it.—A. What I mean by that is, that the men who are running around the hotels—men who profess to be lobbyists, more or less—said to me, “You do not use money; you do not use the necessary material; you cannot get your bill through unless you pay for it.”

Q. Who did you hear making use of such observations?—A. People I found around the hotels.

Q. Did you find them anywhere except at the hotels when you visited Washington?—A. No.

Q. They did not grace the Capitol by their presence?—A. I find these people everywhere. I find them in New York, and I find them here.

Q. When you came to the Capitol on your legitimate business, did you meet them here in the Capitol?—A. I found that class of people—yes, sir.

Q. Were they in the lobbies of the House?—A. I saw them almost everywhere.

Q. When the Pacific Mail subsidy was pending, did you see them here?—A. Yes, sir.

Q. Could you give us the names of any of them?—A. There was a man by the name of Cammack, who studiously tried to impress me with the absolute necessity there was of using money, and that was the general talk among these people. I could not state particular conversations.

Q. Was it something invisible you felt in the air?—A. Yes, sir; I was told by these people that my bill would not go through unless I paid for it. That was the general talk.

Q. Was it desired that you should treat certain parties in the same manner that it was claimed the Pacific Mail Company had treated them?—A. I wanted to get my bill in ahead of the Pacific Mail. Mr. Irwin represented to me that, if their bill passed first, whatever votes they got would be given for my subsidy.

Q. Were you introduced by any of these lobbyists to anybody?—A. I might have been.

Q. Did any of them introduce you to any members of Congress?—A. Perhaps they did. I cannot name them.

Q. Were you introduced to any member of Congress by one of these men and shown into a room alone?—A. Yes, sir; I was.

Q. Will you state the circumstances?—A. After the Pacific Mail bill had passed, of course I was anxious to have mine go through. Mr. McKay (a brother of Hon. Donald McKay) came to me and said I had better try to get the southern delegation pledged for me, and wanted to introduce me to somebody who he said he thought controlled a number of members. I met the gentleman referred to, but there was nothing done.

Q. Were you and he shown to a room alone?—A. Yes, sir.

Q. Where was the room?—A. It was on the upper floor of the House, one of the committee-rooms; I do not recollect which one.

Q. What passed between you and him?—A. He said he was going to vote for me at any rate, but that there were twenty or thirty members, more or less, who would go together on this subject. My remark was something like this: that if the object of this meeting was dollars and cents, I would not pay a single shilling.

Q. What did he say?—A. That was all he said, "I shall vote for you under any circumstances."

Q. What was said that led you to make that remark?—A. Mr. McKay, who introduced me, was simply a friend, who wanted my bill to go through. He said there were a number of these members voting together, and I had understood from outside talk that money was being used in regard to the other matter.

Q. Did he say anything of the locality of these twenty or thirty members who were going to vote together?—A. I understood they were southern members. I did not go into particulars.

Q. Did he state that they would go as he did, if they could be persuaded?—A. That was what he pretended to me; but I stopped the conversation right there, as I said.

Q. What happened before you stopped the conversation? State it as exactly as you can.—A. I have given you the substance of it. I supposed that some consideration was wanted; but I do not know.

Q. Was any suggestion of that sort made?—A. No.

Q. Did he intimate what was the purpose of the interview?—A. No; I did not give him an opportunity. I stopped right there.

Q. Who was it?—A. Mr. Sypher.

Q. At any time, did any member of Congress follow you to the depot when you were about to return?—A. No, sir; I have no recollection of it.

Q. I want to ask you again to state in detail just the words that were used by both parties in this conversation as nearly as you can.—A. I have said that this gentleman (Mr. McKay) was very friendly toward me. I believe I had served him in days gone by, and I am satisfied that he had no motive in the world except to serve me. He said to me that it had been noised all around that there had been large sums of money paid, and he said he wanted to introduce me to a certain member of Congress. I replied to him that if the purpose was to pledge me or to get money out of me, I wanted him to understand distinctly that I would not pay one single dollar. He said, "It will do you no harm to meet this man." I said, "Certainly, I am not afraid to meet a member of Congress." So I met him in one of the rooms up-stairs, in this building.

Q. Did he go out and get him?—A. I believe he did. I was up there, or I went up there. I am not sure who was first in the room.

Q. How soon did he come?—A. I am not quite certain, as I said, whether he was before me or I before him.

By Mr. MAYNARD:

Q. Who else was there?—A. Nobody; he and I were alone.

Q. Mr. McKay was not present?—A. No, sir. Mr. Sypher remarked, when we came in, that my bill would probably be defeated, although he should vote for it. I anticipated any further conversation, and said to Mr. Sypher that if this meeting was for the purpose of inducing me to pay any member of Congress, the matter might drop right where it was.

By the CHAIRMAN:

Q. Was that before or after he had intimated that there were twenty

members who would vote as he did?—A. It was after. This was my reply.

Q. When you and Mr. Sypher were together in the room, was there any remark made that you could make your own arrangement, or anything of that sort?—A. No, sir.

Q. Do you remember the first name of this Mr. McKay?—A. His name is Nathaniel McKay.

Q. I ask you again if you cannot state the exact words used, word for word, in that conversation.—A. There were not a dozen words spoken after we got into the room. I supposed, although I cannot state any reason for it, that he had a motive in bringing me there, and it was for that reason I did not wish to go on with the conversation.

Q. Did he give you the names of those who would vote with him?—A. He gave me the names, but I cannot recollect a single one.

Q. About how many?—A. I think twenty-three was the number.

Q. He called over the names?—A. I believe he did.

By Mr. MAYNARD:

Q. Do you remember whether my name was on the list?—A. I have not the pleasure of your acquaintance, and therefore cannot state.

Q. Was the name of Horace Maynard given?—A. No, sir; it certainly was not.

Q. Was that of Mr. Beck?—A. I cannot remember the names, but I can say distinctly that Mr. Beck's name was not there.

Q. When you said to him you would not pay a dollar, what did he say in reply?—A. Not a thing; the meeting broke up at once. He said he should vote for me at any rate, and I believe the record shows that he did.

By the CHAIRMAN:

Q. When you said to him you would not use money, did he protest that no such thing was intended?—A. No; his reply was, "I shall vote for you;" and that was all he said.

Q. That was the amount of his indignation?—A. Yes, sir. At the time I suppose Mr. Sypher was anxious to have my bill go through. I had supposed, from the representations which had been made to me, that I should get 140 votes, but I found almost as soon as they commenced calling the roll that I was defeated; and, without waiting for the vote to be announced, I went right down, packed my trunk, and started for New York.

Q. How long before the vote was taken did this interview occur?—A. About an hour.

Q. Do you remember whether the men whose names Mr. Sypher gave you had voted for the passage of the Pacific Mail subsidy?—A. I think so; I am not positive. The fact is, I had become so disgusted that when I left the Capitol that day I tried to forget what had occurred here. I am free to say that I believe Mr. Sypher wanted my bill passed.

By Mr. BECK:

Q. Was Mr. McKay working for the Pacific Mail subsidy?—A. No, sir; he was on his own business here; his interest in this matter was purely one of friendship to me.

Q. Was there any conversation with any other member of Congress, or with any person in regard to any other member of Congress, looking to the payment of money?—A. Never. So far as money was concerned, no member of Congress ever asked me for a dollar, nor did I ever pay

a member of Congress a dollar, or anybody for the use of any member of Congress, directly or indirectly.

Q. Do you know whether any one was here working for the Pacific Mail except Mr. Irwin, or did you ever hear how much money was paid by them?—A. No, sir; I never heard. They succeeded and I failed. They went away immediately and left me out in the cold.

Q. I would like to have you give the names of some of these lobbyists, or place the committee in the way of ascertaining what member of Congress, if any, money was paid to?—A. I do not think that they paid any to anybody; I think they were after the money themselves. I do not believe there was the number of members bought and sold that has been charged. I think it frequently happens that these men who profess to pay money to members of Congress put the money in their own pockets.

Q. Did any employes of the House ever approach you?—A. None, that I know of.

Q. Were there any threats made by any persons that they would oppose your bill unless money was used?—A. Not for the purpose of getting money out of me, that I know of. I came here determined not to use any money, and if I had been disposed to do it I would have been afraid. I have lived too long to engage in that sort of business. So far as Mr. Sypher is concerned, I do not want the inference to be made from my evidence that he came to me after money. He never asked me for a dollar, and never intimated that he wanted a dollar for himself or anybody else.

By Mr. MAYNARD:

Q. Do you know anything about stock-dealings in New York—whether there has been any movement within the last few days in Pacific Mail stock?—A. Yes, sir; there has been a downward tendency of that stock. I think it has declined from about 103 to about 59.

Q. Do you know whether this investigation has had any effect in producing its decline?—A. I do not know. I have not owned a dollar of Pacific Mail stock since I went out of the directory.

Q. Had you seen Mr. Sypher before you met him on this occasion?—A. I may have met him, but not on steamship-business. I do not think I would have known him by sight.

Q. You have seen him since, so that you know it was Mr. Sypher?—A. I have never seen him since.

WASHINGTON, *March 1, 1873.*

J. H. SYPHER, member of the United States House of Representatives from the State of Louisiana, sworn and examined.

By the CHAIRMAN:

Question. You have heard read the testimony of C. K. Garrison. If you desire to make any statement in regard to that, the committee will be glad to hear you.—Answer. I am obliged to the committee for giving me an opportunity to make a statement. Some time during the last session Mr. McKay asked me to be introduced to Mr. Garrison, to which I assented. Some time afterward Mr. Garrison met me on the

stairway, and we walked together to my committee-room, the Pacific Railroad Committee, where we sat down and talked a short time.

Q. Who were with you?—A. I think no one was present. I supported quite actively the bill to establish a line of steamers from New Orleans to the Mexican ports. The friends of our bill conferred with the friends of the Pacific Mail bill and the advocates of Garrison's Brazilian bill in the House, and tried to get them to join their force with ours. The delegation from my State was united in the support of our bill, which had already passed the Senate and was on the Speaker's table. I may have said to Mr. Garrison that if their friends would vote for our bill that we would vote for their bill. That is the substance of the conversation I had with Mr. Garrison. Not a dollar was mentioned by me to him, or by him to me, and no money proposition of any kind or character whatever was made by either of us; nor could he draw any such inference from any remark made by me.

By Mr. ROBERTS:

Q. Did he make a remark to you that if this interview had any reference to dollars and cents, he would have nothing to say to you?—A. He made no such remark. He certainly had no occasion to make any such remark.

Q. Did he make any remark involving that idea in substance?—A. No, sir.

Q. Did you go up to the committee-room together, or did one of you go there to meet the other?—A. We went there together. I did not go there to meet him, and I do not think that he went there especially to meet me. We met on the stairway, as I was going to my committee-room.

By Mr. MAYNARD:

Q. You have heard the testimony of H. H. Smith read, in which he refers to you. Do you desire to say anything in regard to that?—A. I will state to the committee that it is false. No proposition in money or any other consideration was ever made by me, at any time during the pendency of these bills, to any person whatsoever, or by any person whatsoever to me.

Q. The statement is that you made a proposition to Mr. Garrison.—A. That is false, and the proposition itself is absurd.

Q. And you desire your answer to cover both sides, that no proposition was made to you, and that no such proposition was made by you?—A. I intended my answer to cover both, most emphatically.

By the CHAIRMAN:

Q. Have you any knowledge of any money being used for the passage of the Pacific Mail subsidy?—A. None whatever. I have heard rumors to that effect, but I have no knowledge on the subject.

Q. Was there anything in the conversation of these men, or in the appearance of matters, that led you to believe money had been paid or promised to any members?—A. Nothing.

Q. Do you know who had charge of the Pacific Mail Steamship bill?—A. I do not.

Q. Who in the House had charge of it?—A. I do not even know that.

Q. Do you know a Mr. Irwin?—A. No, sir; I never saw the gentleman.

Q. Do you know Mr. King, the postmaster of the House?—A. Yes, sir.

Q. Did he seem to have any interest in the matter?—A. No special interest that I observed.

Q. Did he say anything to you on the subject?—A. I do not remember that he did.

Q. Do you know Paul Stevens, librarian of the House Library?—A. I know him, but I never heard him mentioned in that connection.

Q. Did there seem to be an absence of any such influence at work about the corridors of the Capitol, or about the lobbies?—A. I could answer that only by repeating the statement made by some member on the floor of the House, that there was a lobby on those measures.

Q. I am asking you now for what you yourself observed.—A. I did not observe any particular lobby at that time.

Q. Did you observe anything in particular about the passages of the House about that time?—A. I do not remember that I did.

By Mr. MAYNARD:

Q. You and your delegation made a very strong effort at the last session to get an appropriation for the steam-line from New Orleans to Vera Cruz?—A. Yes, sir; we did for it everything we could to secure its passage. The bill is now on the Speaker's table, and it has more merit in it than any steamship bill ever presented to Congress. The South and West are especially interested in it.

Q. Do you state that under oath?—A. I think I can safely state, that, to the best of my knowledge and belief, that bill has greater merit than any such bill ever brought before Congress.

Q. I understand you to say that the interview between you and Mr. Garrison related solely to the question whether the friends of the Vera Cruz and the Brazilian Line should unite their interest and act harmoniously?—A. That was the sole object of the interview, as I understood it.

Q. Something of that kind was mentioned by you or by Mr. Garrison?—A. I do not remember which. I think I mentioned the fact to Mr. Garrison that I was interested in our own bill first, and that it would be better for the friends of these bills to act together in the House.

Q. Was that an incidental conversation?—A. Yes, sir.

Q. Did Mr. McKay introduce you the day you had this interview?—A. I think it was several days previous.

Q. Was the meeting that day with Mr. Garrison brought about by Mr. McKay, or was it an accidental meeting?—A. I think it was accidental, at least so far as I know.

WASHINGTON, D. C., *December 11, 1874.*

RUSSELL SAGE sworn and examined.

By Mr. KASSON:

Question. Have you had any personal or official connection with the Pacific Mail Steamship Company?—Answer. Yes.

Q. State what it has been.—A. I was elected a director of the Pacific Mail Steamship Company in May, 1873, and was re-elected in May, 1874. I was elected president of the company on the resignation of Captain Bradbury, about a year since.

Q. Were you a director of the company at the time that Congress granted an additional subsidy to it?—A. No, sir.

Q. Were you a stockholder at that time?—A. I cannot answer positively, but my impression is that I was not. I was a stockholder some time before I was elected a director.

Q. Are you aware that the Pacific Mail Steamship Company had any agent or business-representative at Washington during the session of Congress at which that subsidy was granted?—A. No, sir; I know nothing about it except what I saw in the newspapers. I had no personal knowledge on the subject.

Q. Have you examined the books of the company, or caused an examination of them to be made for the year 1872, so as to ascertain the expenditures of the company during that year?—A. There were various reports, or partial reports, made as to certain expenditures in that year, but I do not recollect of any definite examination being made for that year. Indeed, the accounts were somewhat confused. When I went in as a director in 1873, our book-keeper found it very difficult to get an accurate abstract of the accounts from the books, because they were so very far behind. We employed an expert to give us an abstract. That expert was Mr. Higgins, who was said to be a very competent man, and who did a like business for the city.

Q. Did you see the result of that examination?—A. Yes, sir; it was a general result—nothing in detail. We wanted to get at the bottom, and start upon a basis that could be relied upon. I found that a great many of the accounts had been sent over from the office at San Francisco, and that in the press and hurry of business they had not been examined up and had not been checked off; there had been an accumulation of that business, which had been very much neglected.

Q. Do you know of any item in that account that had any relation to the expenditures made in Washington, or on account of the services of any agent at Washington?—A. All that I know as to that was that there were on the books checks made payable to the San Francisco agency; I never knew what they were for except by general rumor; they were supposed to have been connected with some of Mr. Stockwell's and Mr. Irwin's operations, but we were never able to know what they were. There was such a general discussion of the subject in the press that we had a consultation with our counsel, Mr. Pierrepont, as to our legal right to proceed against Mr. Irwin, who had left for Europe, as we were advised; and we directed Mr. Pierrepont to commence a suit against him for the purpose of compelling him to account for those sums that were charged to the San Francisco agency.

Q. State more particularly what were the sums charged, and under what nominal account.—A. I am unable to give the exact sums charged to that account, because I never took any memorandum of them. As I say, it was a matter of consultation between the directors and Mr. Pierrepont, about the time that the matter was before this committee. The thing had been discussed pretty freely in the papers of the day.

Q. Can you not approximate the amount so charged?—A. I cannot; but perhaps I can answer all that you desire to get at, and all that I know, in a very few words. On a further examination of those charges, so far as they could be explained to us by our clerks, and as they were represented by our general manager, Mr. Hatch, we found checks of the company which had been made payable to the order of Mr. Irwin, (and which are now, and were when I resigned, in possession of the company,) amounting, I think, to \$750,000. When Mr. Irwin came to this country last August, he called upon me a day or two before we took the excursion to Newport. He came in with his lawyer, and spoke to the secretary, Mr. Johnson, whom he had known a long time, and Mr. Johnson presented him

to me. I was very busy at the time. Irwin said that he understood we wanted to see him, and that he had come to this country at great inconvenience, and almost at the risk of his life, as he had been thrown from his carriage, and had injured his head in the fall, and that he was there to answer any questions that we might put to him touching his affairs and his accounts. He seemed to be quite earnest and prompt, alleging that some of the clerks in the office had made charges to that account which ought not to have been made there. He said that he had had a conversation with Mr. Scott, one of the directors, and the vice-president of the company, who was then in Europe, but who has recently returned. Irwin said that he was there to make any explanation that we desired, by the advice of his counsel; and he introduced me to his counsel. I told him I was just on the point of leaving, under a previous engagement, which I could not well forego, and I asked him if he could not name a day, when I should be very happy to sit down with him and hear his explanation with regard to any matter that affected the company. I did not know then that he had been in the country fifteen or twenty days. He said that he was going to sail again for Europe the following Saturday. I told him that I was very sorry that I was under an engagement to go on the excursion to Newport; that we had invited our guests, and of course it could not be postponed, and that I did not know that I should be back before Friday night or Saturday morning. He answered very promptly, and said, "Here is my card, (handing it to me,) so that you may know where to call upon me; I shall be found at that place." The place was the residence of D. R. Martin, of Englewood, whose son-in-law I believe Irwin is. He then asked me if there had been any developments since Mr. Scott had gone to Europe; I said that there had been some in regard to the purchase of fire-extinguishers at Chicago, to a very large amount, which purchase was not authorized by the company, and was in violation of its by-laws. Irwin then left, and I directed Mr. Johnson to make a memorandum of that conversation, as we might want to refer to it.

Q. Did Mr. Johnson make that memorandum?—A. I think he did. This was Mr. Theodore T. Johnson, who was then secretary of the company, and who was a very competent, upright man. I reflected a few hours upon the matter, and I felt it my duty from what had been stated in this interview, and from the tone of it, to direct Irwin's arrest. I consulted with Mr. Hatch, the managing director, who barely overheard the last part of the conversation. I did not want Mr. Hatch to take any part in it, for he is a very violent man and uses very violent expressions sometimes. I also spoke with other members of the company, and they concurred in my opinion, and said that it was our duty to ourselves, as Irwin was in the country, to have him arrested. We had directed Mr. Pierrepont to commence proceedings against Irwin before, but I thought it my duty then to order his arrest. Mr. Pierrepont was absent, however, I think, at the White Mountains, and I at once sent for our attorney, Mr. Henry Bennett, and directed him to bring a suit against Irwin on these checks. He prepared the papers, and got some deputy sheriffs and detectives, and he told me on my return from the excursion on Saturday morning that it took him about three days before he could arrest Irwin, and that he finally caught him coming down from Englewood and served the papers upon him. Bennett informed me that Irwin was then very penitent, and proposed to make some explanations which would be valuable, and to make me an apology if he had said anything unbecoming to me, or that might be considered as threatening. Irwin said that if he had done so he was willing to

make an apology in writing or any way else. I did not want an apology from him; I merely wanted to do my duty as executive officer of the company. This occurred some time in August last—I think about the 29th. Irwin did not sail on the Saturday, as he said he would, nor did I see anything more of him. Of course his counsel had frequent interviews with Mr. Bennett, as Mr. Bennett reported to me, and he asked for time to put in his answer. I consented that the time might be given, because I was anxious to hear from Mr. Scott, who had telegraphed me to delay action until he came home. He had written me previously that he had some explanations which Irwin had made to him in Europe, and which he thought rather tended to mitigate the impressions which we had formed against Irwin. Of course I wanted to do full justice to Irwin, as I would to anybody else, and I gave my assent to have the time for answer extended. I believe that he never has put in an answer till this time. The suit is still pending.

Q. In the mean time Mr. Scott has arrived here?—A. He has.

Q. Has Mr. Scott stated to you since his return any of the facts to which he alluded as having been explained to him by Irwin?—A. He has not given me any particulars. I only had a very brief conversation with him the night before last. He stated that Irwin had called upon him on his second return to Europe and spoken of his arrest, and said that he was very sorry, and that he proposed to make any apology if he or his client had been rude. His counsel, Mr. Chapman, had called on me last spring and said that if I did not retract something that appeared in the Tribune, in the shape of an interview with me, reflecting on him or on his client, he would sue the Tribune or sue me for libel. He wanted that I should acknowledge or deny whether I had inspired the article. I heard him through and told him that I did not propose either to admit or to deny anything reported by any irresponsible reporter; that I did not want to do Mr. Irwin any injustice; that, if he was entirely innocent, he had of course nothing to fear, and that if he was not so, it was our duty as officers of the Pacific Mail Steamship Company to call him to account for those large sums.

Q. Has Mr. Irwin at any time given any explanation to you touching those checks or any amount of money placed in his hands?—A. Not the slightest in the world.

Q. Has Mr. Irwin been in Europe most of the time since 1872?—A. I understood him, in that conversation, to say that he left for Europe in October, 1873.

Q. He only returned last August?—A. He might have returned, I think, in July; for I learned afterward that he had been in the country some twenty days, and had been in San Francisco.

Q. During his absence in Europe, had he a business-office or an agent in New York?—A. Not to my knowledge.

Q. Since his return, has he been engaged in any business?—A. Not that I know of.

Q. Where is he now?—A. I do not know. I have only heard that he is in New York.

Q. Has he, to your knowledge, called on the company since that first occasion in August last?—A. No, sir; only the interviews which I spoke of with our counsel when we were absent in Newport.

Q. Do you know where he is to be found at this particular time?—A. No, sir; I have not seen him since that interview in August.

Q. Has there been any explanation furnished to the company from San Francisco or elsewhere as to the use of any sum of money in connection with the subsidy?—A. No, sir; not any.

Q. Have you any knowledge whatever of the expenditure of any sums at Washington authorized by the company?—A. Not a dollar.

Q. What was the form of the checks to which you refer?—A. They were simply the company's checks, in various sums, given to Richard B. Irwin or order.

Q. Without stating the object?—A. Without stating the object. They were simple checks, and Mr. Hatch informed me that those checks had been paid by the bank.

Q. Do you know by whom they were indorsed?—A. I think they were simply indorsed by Irwin, and that the money was drawn by him.

Q. On what bank were those checks drawn?—A. I think on the Mechanics' Banking-Association of New York, where the company kept its general account.

Q. By what officers of your company were those checks signed?—A. By the treasurer, who, I think, was then Henry Smith. He has since resigned.

Q. Where does he reside?—A. I think somewhere in New Jersey. His health failed him, and he resigned about a year since.

Q. Were the checks countersigned by any other officer than the treasurer?—A. My recollection is that they were signed by the vice-president, Mr. F. G. W. Bellows. He is now the secretary of the Panama Railroad Company, which has its office in the same building.

Q. Did Bellows, in his conversation, indicate that he had any knowledge of the object of the checks?—A. No, sir; I think not. I think he acted under the direction of the then president, Mr. Stockwell.

Q. Was it customary for that officer to sign checks as directed by the president?—A. I do not say that. While I was president, I signed all checks myself. I did not delegate that power to anybody.

Q. Were there any other expenditures through Mr. Irwin or any other person, the object of which was questionable, except those checks amounting in the aggregate to \$750,000?—A. Nothing; there were some bills presented during my administration by some of the lobby-men here, who claimed that they had been employed by Mr. Irwin to assist him here as attorneys or in some other way.

Q. Can you mention the names of those persons to whom you refer as presenting bills of that character?—A. One man who presented a bill was named Corwin. I do not recollect his first name.

Q. Do you recollect whether he spelled his name Corwin or Corwine?—A. I do not. He is a rather stout, short gentleman. The company refused to recognize his claim. I want to state distinctly here that since my connection with the company there never has been a dollar paid to my knowledge, directly or indirectly, for any services of the kind here.

Q. Can you give the name of any person connected with the company, or outside of the company, who, so far as you know, can inform us what the object of giving those checks was, or whether any money was actually expended in the connection of obtaining the additional subsidy?—A. I cannot. My object in allowing time to Mr. Irwin to file his answer was in order that Mr. Scott might get this information. I had a talk with Mr. Scott the night before last. His object in telegraphing me was merely to keep on friendly relations with Irwin, in order to learn from him the particulars as to how that money was expended.

Q. During your whole connection with the company, have you any knowledge or information as to any member of Congress or officer of either House to whom any money was paid in connection with this subsidy?—A. No, sir; I have not.

By Mr. BECK:

Q. When did you first become a stockholder in the Pacific Mail Steamship Company?—A. I think in the winter of 1873.

Q. Were you a stockholder at the time the subsidy was granted by Congress on the 1st of June, 1872?—A. No, sir; I have no recollection of being a stockholder till 1873.

Q. You recollect hearing a good deal of scandal at the time, growing out of this subsidy?—A. Yes, sir; in the press.

Q. This investigation was opened because Mr. Le Grand Lockwood appeared before this committee in February, 1873, and, in answer to questions by Mr. Kerr, stated that he was a member of the stock-exchange in New York, and that it was currently reported that about \$1,000,000 were expended in obtaining this subsidy through Congress. Had you any knowledge relative to this matter before you became a stockholder in the Pacific Mail Steamship Company?—A. No, sir. Those things are generally so grossly exaggerated that I do not pay much attention to them.

Q. Since that time, have you caused any investigation to be made into the truth of that statement beyond what you have related to the committee?—A. No, sir, except that the matter was discussed with the counsel of the company, Mr. Pierrepont, with the view, if we had any legal rights, to take measures to enforce them.

Q. What was the impression of your board of directors as to what those checks were given to Irwin for?—A. There was a general impression that there had been an improper expenditure or withholding of the funds which should be accounted for to the company.

Q. Do you recollect about the date of those checks to Irwin?—A. My recollection is that they were in April or May, 1872.

Q. This subsidy passed through Congress on the last day of May, 1872, and was approved on the 1st of June, 1872.—A. Then the checks must have been in April or May, 1872.

Q. Do you recollect about the amount of those checks?—A. About \$750,000.

Q. How many checks composed that aggregate?—A. There were several checks for different sums—\$50,000, \$75,000, and \$100,000. There was one large check.

Q. How large was the largest amount?—A. My recollection is that it was some \$400,000.

Q. In whose possession are those checks now?—A. The last that I heard of them they were in the possession of the Pacific Mail Steamship Company.

Q. Was the suit against Irwin based on them?—A. Yes, sir.

Q. Were the checks filed in court in that suit?—A. I do not think they were filed in court. I have talked with Mr. Bennett about the order of the suit, and I felt entirely confident of recovering against Irwin and making him account for the proceeds of those checks. He explained to me his interpretation of the law, and he thought it to be a very clear case when we got to the merits of it.

Q. What official position did Mr. Irwin hold in the company prior to 1872, and when those checks were given?—A. As I recollect his connection, he was one of the agents of the company at San Francisco in 1872. The agents of the company there are Irwin and Eldridge.

Q. Was he a director of the company?—A. No, sir; never to my knowledge. Indeed, I had very little knowledge of the affairs of the company till I went in as a director.

Q. Was he sent by the company to Washington during the pendency

of that application for a subsidy?—A. Not to my knowledge. I do not know anything about it.

Q. Did he ever attempt to give you any explanation of those checks?—A. No, sir; none other than I have stated. Indeed, I never saw him before or since that first interview.

Q. Do you recollect whether he had gone to Europe before the 20th February, 1873, when you came into the directorship?—A. He told me at that interview that he went to Europe, I think, in October. His lawyer published a card, after the interviewer's report, which appeared in the Tribune. I suppose the lawyer wrote the card, and in it he said that he had openly engaged his passage to sail for Europe in a steamer in October, 1873.

Q. Do you recollect when this committee first commenced the investigation of this subject in February, 1873?—A. Yes, I heard there was an investigation here.

Q. Did you know where Mr. Irwin was then?—A. I did not know where he was. I know nothing about his habits.

Q. Do you not recollect that at the time of this investigation in 1873 Irwin was not to be found?—A. I do not recollect. I was not connected with the company, and never had any connection with it till late in May, 1873.

Q. Has your company, since you have been a member of it, or at any time, had no developments made to it as to what was done with that money by Irwin?—A. Not the slightest beyond what I have stated here. We were hoping to get this information from Mr. Irwin when Mr. Scott returned.

Q. Do you recollect whether at the time of this subsidy Mr. Stockwell, the then president of the company, was in Washington?—A. No, I did not know Mr. Stockwell. I never spoke a word with him till after I was elected a director.

Q. Did you ever inquire from Mr. Bellows for what purpose he gave those checks to Mr. Irwin?—A. I had a conversation with him at the time of our hunting up these checks, but he never gave any particular explanation of them, except that Mr. Stockwell had told him to give those checks to Mr. Irwin.

Q. Did you ask Mr. Bellows at the time why Mr. Stockwell gave checks for such a large amount to the agent of the company at San Francisco? Did it not strike you as very curious that he should do so?—A. It struck me that they were very large sums, though the operations of the company are very large in San Francisco, and large sums of money are used there.

Q. Did Mr. Bellows ever tell you what his understanding was as to whether those checks, amounting to \$750,000, were to be used here or at San Francisco?—A. No, I never asked him. Mr. Bellows said that he was a mere clerk to do the bidding of others. Mr. Irwin appeared to be very vindictive against Mr. Bellows, and said that he was a mere clerk, and would do the bidding of others to keep his place.

Q. What was the cause of the severe language on the part of Irwin against Bellows?—A. Irwin seemed to be boiling over with venom against Bellows. I do not know that I ever witnessed such an exhibition of anger. He did not speak to him, though he was as near to him as I am to you while he was having this conversation with myself, in the presence of his lawyer, in August last. I thought it a remarkable exhibition of vindictiveness and venom.

Q. Did you never call Irwin's attention to the fact that he was charged with squandering large sums of money?—A. No, sir; I had not time

then. As I stated, I was waiting for the developments which might be made by the vice-president, Mr. Scott, who communicated with me that he had had one interview with Irwin, and had got considerable information from him, and hoped to get more. Mr. Scott subsequently telegraphed to me, after Irwin returned to Europe, to delay compelling him to put in his answer till his (Mr. Scott's) return.

Q. Did you have any conversation with Mr. Smith as to the purpose of those checks?—A. No, sir; I do not recollect that I have seen Mr. Smith since those checks came to my knowledge. He seldom came into the city. He is in poor health, living somewhere in New Jersey.

Q. Have you talked with Mr. Scott as to what those checks were given for?—A. I talked with Mr. Scott the night before last, and he told me that he had had quite a full talk with Mr. Irwin, and that Mr. Irwin promised, when he came over here, to give us a good deal of information. He made the same promise to Mr. Bennett, after we had commenced the suit against him, that if we would discontinue the suit he would give information.

Q. In the course of your conversation with Mr. Scott, did he tell you what Irwin said he had done with the money?—A. No, sir; Mr. Scott left the impression on my mind that he had not got the information from Irwin, but was in hopes to get it.

Q. Do you recollect the amount of the bill which was sent in by Corwine?—A. It appears to me that he claimed that Irwin had promised to pay him \$5,000. He applied afterward to get his bill back, but I declined to give it. His bill was in the possession of the company when I left the office.

Q. From whom can we get copies of those checks that were given to Irwin?—A. From Mr. Hatch, the managing director and executive officer of the company.

Q. Can this bill of Corwine's be had from him?—A. Yes; from him, or from the secretary of the company.

Q. You say that there were other bills besides Corwine's sent in, but that you do not know the names of the parties?—A. I do not; I think they were more verbal than written ones, but Corwine made a written application.

Q. Do you recollect the amount that was demanded in any of those bills?—A. No, sir; the amounts were not large.

Q. They were generally by lobbyists, who asserted that they had aided to get the subsidy through?—A. They claimed that they had been employed to prepare papers, &c. This Mr. Corwine made out a regular bill for preparing papers and getting up statistics, &c.

Q. Do you recollect what papers were necessary to be prepared during the pendency of that subsidy measure?—A. No, sir; I haven't the slightest idea.

Q. To whom were those papers to be submitted?—A. I know nothing about it.

Q. No money has been paid, however, since then to any of those people?—A. Not a dollar. I studiously refused to pay even a ten-cent piece since I have been connected with the company.

By the CHAIRMAN:

Q. Can you trace all the money expended by the company during the time within which this subsidy measure was before Congress, except those checks to Irwin?—A. I do not think I can.

Q. Are there other items or charges for expenditures of money which the company is unable to trace, besides those checks to Irwin?—A. No, sir; I do not think there are in connection with this thing.

Q. In connection with anything covering this period?—A. Not that I know of.

Q. Then, if the expenditures under these checks were traced, the company should show us what had been done with all its money in the period covering that time?—A. I think it could in the main; but, as I stated in the first part of my examination, the accounts of the company are very voluminous. We had one book-keeper, who resigned because he could not strike a balance to suit him. The accounts and vouchers from the San Francisco office had been delayed so long that there were boxes full of them which had not been checked off for years gone by, so that it was very difficult to strike a balance. When I became connected with the company a new set of books were opened, because we wanted to get down to hard-pan, and to know that our administration was straight.

Q. So far as you know, can the company, if it pleases, trace for us all of its expenditures, except under those checks?—A. I think it can; I do not think there is any indisposition to give the committee any information.

Q. The expenditures under these checks is a mystery to the company?—A. Yes, sir.

Q. And it is the only mystery hanging over the company's expenditures?—A. Yes, sir; that is the only thing that we were attempting to ferret out.

Q. Are you acquainted with Mr. Sherrell, now of this city, and formerly of New York?—A. Yes, sir.

Q. Had he anything to do with these expenditures?—A. Not to my knowledge; I never knew that he had anything to do with the company or with this matter.

Q. He has no connection whatever with this question?—A. Not the slightest. I have known Mr. Sherrell for ten or fifteen years, and I never knew that he had the slightest connection with it.

By Mr. NIBLACK:

Q. What is your regular business?—A. I am vice-president of the Milwaukee and Saint Paul Railroad Company.

Q. Has your business been more in connection with railroads than with steamships?—A. Yes, sir; I never had anything to do with steamships until I got in with this thing, unfortunately.

By Mr. WOOD:

Q. What was your position in the company at the time of this subsidy?—A. I had no connection whatever with it.

Q. Then all the knowledge you have of it comes from your being an officer in the company since that time?—A. Yes, sir.

Q. Have you never instituted an investigation as to these enormous expenditures?—A. Certainly. We have had consultations with the counsel of the company, and a suit has been brought against Mr. Irwin to recover the money.

Q. In the investigation of these details, did you discover how any of the money had been expended?—A. Not as to a dollar; these checks were unexplained. That is the very thing we have been trying to get from Mr. Irwin.

Q. The expenditure of this \$750,000 has never been explained?—A. No, sir.

By Mr. WALDRON:

Q. Under the by-laws of the company, who is authorized to sign

checks?—A. The president of the company. I have been told by the directors who served under Mr. Stockwell's administration, that he was the "board and all hands." Mr. Bellows was a vice-president and drew the checks. Mr. Stockwell, it appears, did not sign the checks. Mr. Bellows did the business of the office and mere clerical business as vice-president, and Mr. Stockwell made loans just as he pleased.

Q. Then the authority to draw money is lodged with the president?—A. Yes, sir.

By Mr. WOOD:

Q. Mr. Stockwell is not insane now, is he?—A. No, sir; he has been in Europe since last April.

Q. Can you suggest any method by which the committee may be able to discover the details of this large expenditure?—A. I cannot. We felt it a duty which we owed to the stockholders to ferret this thing out, and we exerted our best efforts to do so.

Q. Has your company incurred any expenditures recently with reference to any question arising between the company and the Government here as to the construction to be put upon the law respecting the additional subsidy of \$500,000?—A. No, sir; not that I know of—not during my presidency.

By Mr. E. H. ROBERTS:

Q. You stated that the company has not expended a dollar in that direction. Has the company, during your administration, made any arrangement for spending money here in connection with the subsidy?—

A. Yes, sir; we made a conditional contract with Mr. John Roach that if the subsidy was secured the company would need additional steamers, and otherwise would not need them. The option expired on the 2d of November, and was not renewed, because the thing was not consummated.

Q. Then there is no arrangement now existing?—A. No, sir.

Q. Excepting these arrangements with Mr. Roach, was there any arrangement for the payment of money, or any other consideration in connection with the subsidy?—A. Not a dollar, to my knowledge. We have been very careful, indeed, to avoid anything of the kind since I have been with the company.

By Mr. BURCHARD:

Q. Where is the San Francisco agency located?—A. In San Francisco.

Q. Do Mr. Irwin and Mr. Eldredge have their office in San Francisco?—A. Yes, sir.

Q. Where were those checks executed?—A. In New York.

Q. Were they forwarded to San Francisco?—A. No, sir; I did not so understand it. They were delivered to Mr. Irwin in New York.

Q. What was the annual amount of the transactions at the San Francisco agency?—A. They were very large, running into millions. The pay-rolls there, I think, are about \$60,000 a month. Many times in the working of the office large remittances have to be sent from New York to San Francisco, and occasionally there are remittances this way. That depends upon the amount of through freight from China and Japan that would be collected in New York and shipped by the way of the isthmus.

Q. All the accounts that were examined have been satisfactory, except as to these checks?—A. Yes, sir; we had no suspicion of any other expenditure irregularly, except the one to which I have referred.

Q. If I understand you, these checks were all drawn within a few weeks of each other?—A. Yes, sir.

By Mr. BECK:

Q. Were there any other months where checks to that amount had to be sent to San Francisco for any business whatever?—A. Not that I recollect.

By Mr. KASSON:

Q. Are these checks so situated that you can send us a copy of them?—A. I have no means of getting at them; there is no difficulty, however, about the committee getting at them.

By Mr. BECK:

Q. Was there any memorandum or note made of those verbal applications for pay by these lobbyists?—A. No, sir. This other man, Corwine, made a written application, and I thought it a good thing to keep his bill.

Q. But the verbal applications were not kept?—A. No, sir. I never paid any attention to them.

WASHINGTON, D. C., *December* 12, 1874.

RUFUS HATCH sworn and examined.

By Mr. KASSON:

Question. State what official connection you have held with the Pacific Mail Steamship Company, and during what period of time.—Answer. I was elected a director in May, 1873—I think on the 27th or 29th of the month.

Q. And continued so until when?—A. Until the end of that year. I was re-elected last May, and I am still a director.

Q. Have you, during that period, been what is termed managing director of the company?—A. Not all the time. I took the management of the company in November, 1873.

Q. Have you, as such officer, made an examination, or caused one to be made, of the accounts of the company for previous years?—A. To a certain extent I have. I have not examined them in detail myself, but I have examined them to a certain extent.

Q. Have you any personal knowledge of those accounts for the year 1872, either by report of their condition from an officer of the company, or from your personal inspection?—A. I have, by report from our book-keepers to me.

Q. Is there any part of the accounts of that company, of its disbursements, which has not been explained to the satisfaction of the company?—A. Yes, sir; I think there are some of the disbursements not explained.

Q. What are those unexplained accounts?—A. They are known as the San Francisco account. That account has not been explained to the satisfaction of the officers of the company.

Q. What disbursements do those unexplained accounts relate to?—A. To money paid to Irwin, according to the check-book.

Q. In what way does the check-book show that this money was paid to Irwin?—A. There are several checks drawn payable to his order.

Q. What amount in the total?—A. These unexplained checks amount to \$750,000.

Q. How many checks are included within that sum?—A. Five or six. I have got the checks in my pocket.

(The checks were produced and put in evidence. They are as follows:)

\$5,000.] PACIFIC MAIL STEAMSHIP COMPANY,
New York, 24 May, 1872.

National Bank of Commerce in New York:

Pay to the order of R. B. Irwin five thousand dollars.

F. W. G. BELLOWS, *Vice-Prest.*

THEO. T. JOHNSON, *Treasr. pro tem.*

(In red ink,) 2,360.

Certification for \$5,000. (Name illegible.)

(Indorsed:) Pay E. Willson, esq., cashier, for deposit. Richd. B. Irwin.

\$10,000.] PACIFIC MAIL STEAMSHIP COMPANY,
New York, 24 May, 1872.

National Bank of Commerce in New York:

Pay to the order of R. B. Irwin ten thousand dollars.

F. W. G. BELLOWS,
Vice-Prest.

THEO. T. JOHNSON, *Treasr. pro tem.*

(In red ink:) 2361.

Certification for \$10,000. (Name illegible.)

(Indorsed:) Pay E. Willson, esq., cashier, for deposit. Richd. B. Irwin.

\$10,000.] PACIFIC MAIL STEAMSHIP COMPANY,
New York, 24 May, 1872.

National Bank of Commerce in New York:

Pay to the order of R. B. Irwin ten thousand dollars.

F. W. G. BELLOWS,
Vice-Prest.

THEO. T. JOHNSON, *Treasr. pro tem.*

(In red ink:) 2362.

Certification for \$10,000. (Name illegible.)

(Indorsed:) Richd. B. Irwin.

\$25,000.] PACIFIC MAIL STEAMSHIP COMPANY,
New York, 24 May, 1872.

National Bank of Commerce in New York:

Pay to the order of R. B. Irwin twenty-five thousand dollars.

F. W. G. BELLOWS,
Vice-Prest.

THEO. T. JOHNSON, *Treasr. pro tem.*

(In red ink:) 2363.

Certification for \$25,000. (Name illegible.)

(Indorsed:) Richd. B. Irwin.

\$50,000.] PACIFIC MAIL STEAMSHIP COMPANY,
New York, 24 May, 1872.

National Bank of Commerce in New York:

Pay to the order of R. B. Irwin fifty thousand dollars.

F. W. G. BELLOWS,
Vice-Prest.

THEO. T. JOHNSON,
Treasr. pro tem.

(In red ink:) 2364.

Certification for \$50,000. (Name illegible.)

(Indorsed:) Richd. B. Irwin.

PACIFIC MAIL STEAMSHIP COMPANY,
New York, 24 May, 1872.

\$650,000.]

National Bank of Commerce in New York:

Pay to the order of R. B. Irwin six hundred and fifty thousand dollars.

F. W. G. BELLOWS,
Vice-Prest.

THEO. T. JOHNSON,
Treasr. pro tem.

(In red ink :) 2365.

Certification for \$650,000. (Name illegible.)

(Indorsed :) Richd. B. Irwin.

Q. Are those the only checks, the object of the disbursement of which is not satisfactorily explained in the San Francisco accounts?—A. I think they are; they are the only ones that I have any knowledge of.

Q. Are there any other disbursements, or accounts of the company which have relation to any other object of disbursement than the regular customary business of the company?—A. No, sir; not that I have ever found out.

Q. Do you know whether Mr. Irwin was in New York at the time that those checks were drawn?—A. I do not.

Q. Is there any memorandum on the check-book, or in any other account of which you have any knowledge, relating to those several checks, or to the amount named in them?—A. Nothing on the check-book.

Q. Is there any entry or memorandum on any of the other books or papers of the company, within your knowledge, relating to those sums of money or to those checks of which you have now given the description?—A. I think there are entries on our books. When these checks came into my possession last summer, I think I discovered that there were entries prior to them on the books of the company.

Q. Prior to the date of those checks?—A. Yes.

Q. What do those entries indicate?—A. They indicate very large operations in Wall street.

Q. And you think that those entries relating to those stock-operations have relation to those items which you have now given?—Yes, sir; I have no knowledge of the fact.

Q. State the reasons that bring you to that conclusion.—A. There are very large entries of purchases and sales of stock, or rather of stock-loans to stock-brokers.

Q. State what you mean by stock-loans.—A. Loans made to stock-brokers and bankers.

Q. Of the stock of the Pacific Mail Steamship Company?—A. No, sir; I mean money—money is loaned to stock-brokers and bankers.

Q. On what security?—A. I did not see the envelopes. I have no knowledge of the business prior to May, 1873.

Q. What were the dates of those loans?—A. They dated back for several months before these checks, and dated about that time.

Q. They were dated about May, 1872, and for several months prior?—

A. Yes, sir, and perhaps later than that—for months prior and months subsequent.

Q. Please to state what leads you to believe that these checks relate to those stock-loans.—A. I did not take any memorandum from the books, but, if my memory serves me, there are entries on our books such as I have stated.

Q. Entries of stock-loans?—A. Of moneys loaned to stock-brokers.

Q. That hardly gives us a reason for your connecting these checks

with them. Is there any fact within your knowledge which leads you to think that these checks were a part of those loans, or were given in payment of those loans, or had any relation to them?—A. I have no memorandum from the books prior to 1873, when I was elected a director, and I know of no transaction of the company prior to that, only from what I have seen on the books. I found those checks there about two or three months ago, and in the dispatch which I received last night I was requested to bring them here, and I brought them.

Q. Can you state any fact which justifies the conclusion that those checks have relation to those loans or were a part of the loans?—A. I think that those checks went to pay the loans. That is my impression. I distinctly state that I do not know of any business of the company prior to May or June, 1873.

Q. To whom were those loans made?—A. I cannot recollect. They were made to a large number of brokers, whose names I cannot give now.

Q. State, if you know, whether the Pacific Mail Steamship Company had an agent at Washington during the pendency of the bill granting an additional subsidy to that company.—A. I do not, only from what I have heard reported in general reports.

Q. Did you come into the possession of any facts during your connection with the company which indicate that it had any agent prior to that time at Washington?—A. No, sir; there is nothing on our books to that effect, to my knowledge.

Q. Do you know from conversation among the officers of the company whether the company had any person representing it at Washington during the pendency of that subsidy-bill?—A. I only know from what I have read in the newspapers and from general conversation; but there is nothing on the books, to my knowledge, which indicates that the company had any agent here.

Q. I do not speak now of the contents of the books, but whether you have any knowledge of the matter from your connection with the administration of the company, or from conversation with the officers of the company.—A. I do not know of my own knowledge that the company had any agent at Washington.

Q. Have you had any conversation with Mr. Irwin on the subject?—A. I never spoke to him in my life.

Q. What was his relation to the company?—A. He was the agent of the company at San Francisco.

Q. During what period of time?—A. I cannot tell that; several years, I think.

Q. Is there anything on the books of the company indicating that the money which was derived from those checks went to San Francisco?—A. I cannot tell you without examining the books of the company more thoroughly.

Q. Who has the books covering that period of time?—A. The books are in the possession of the book-keeper, and of the treasurer, Mr. Neiler.

Q. Have you heard it stated by any officer of the company, who was an officer during the year 1872, that any money of the company was disbursed in connection with that subsidy-bill?—A. I have not; not a dollar.

Q. Have you heard it stated by any person as of his own knowledge?—A. No, sir.

Q. And you do not know of any person being employed to represent the company at Washington in connection with that bill?—A. Not of

my own knowledge. I only know from general report that Mr. Irwin, our agent at San Francisco, came on to Washington at that time.

Q. What efforts has the company made to ascertain the object of the disbursement of the money raised from those checks?—A. The company commenced suit against Mr. Irwin last winter; and when he came here from Europe in August last, process was served upon him. That was something which I had nothing to do with. Mr. Sage had charge of it.

Q. Have you or any other officer of the company, within your knowledge, called on this agent for an explanation of his disbursement?—A. Mr. Sage, I think, had some conversation with him.

Q. Has any account of this disbursement ever been given to the company within your knowledge?—A. No, sir; not to my knowledge.

Q. What books are they which contain the entries of loans to stock-brokers which you have associated with those checks?—A. I cannot recollect whether it is a loan-book or a stock-book. I suppose the entries are on the ledger. I never kept the books of the company; I have only looked into them to learn about the business, and particularly such business as should come under my knowledge, so as to make myself familiar with it as manager of the company.

Q. Then you cannot name the particular books in which those entries are?—A. I presume they would be the journal, and the ledger, and the general cash-book.

Q. State, generally, if there is any fact within your knowledge, whatever, that indicates the disbursement of any of this money, directly or indirectly, in aiding the passage of the subsidy bill through Congress?—A. I have not any knowledge, directly or indirectly, that one dollar of this money was spent here. All I know about it is from what I have seen in the newspapers and from general talk.

Q. And, so far as you know, every other item of expenditure of the company has been made for the usual and customary objects of disbursement and for the carrying on of the business of the company, except those checks?—A. Yes, sir.

Q. There is no mystery about any other part of the accounts of the company?—A. Not a particle. There is no mystery about them in any shape whatever. The committee is surely welcome to a full inspection of the books since I took charge.

Q. Have you ever seen, or do you know of, any entry in the books in favor of Mr. Irwin on account of any expenditure made by him at Washington, from personal observation or otherwise?—A. No, sir.

Q. Do you know of any such payment being made to him?—A. I think that, on looking over the accounts of the San Francisco agency, I found a check of \$29,500, which was paid to him some six months afterward, about the time that he left the company. I think it said it was for expenses, but it did not say whether they were at Washington or anywhere else. That is the only piece of paper that I know of which there is not a proper voucher for. There was a voucher with it, but the voucher was not satisfactory when I looked over it. That is all I can say about it.

Q. You do not know what the voucher specified?—A. I do not think it said anything about Washington. I think it said that it was for expenses or disbursements.

Q. Can you tell us about the date?—A. November, 1872. That was the time when Irwin left the company; when he was settling up his accounts. That check was brought to my attention by the book-keeper, and the voucher that accompanied it was not satisfactory to me. It was Irwin's own voucher.

By Mr. BECK:

Q. Do you know the date of the passage of the subsidy by the House of Representatives?—A. I do not; I think it was in June, 1872.

Q. The bill was approved by the President on the 1st of June. Do you think that the date of its passage by the House was not somewhere about the 24th of May?—A. I have not the slightest idea. It might have been in February, for aught I know. I was not connected with the company then, and was not in Washington.

Q. You observe that each one of those checks is dated the 24th of May, 1872?—A. Yes, sir; I notice it.

Q. Was Irwin at that time the company's agent at San Francisco?—A. Yes; and, if my memory serves me right, he continued in that capacity until November, 1872, or perhaps a month or two later.

Q. Why should that amount of money be put into Mr. Irwin's hands on that day in connection with any stock-loans?—A. I do not know that it was put in his hands. I do not know anything more about it than you do.

Q. But can you give any reason why Irwin should have been trusted with \$750,000 in one day in any connection with stock-loans?—A. I do not give any reason for it; I haven't any reason to give; I do not know what was done with the money.

Q. If you have no reason to give, why did you say that you thought the money was used in that way?—A. I said that it might possibly have been used in that way.

Q. It might possibly have been thrown in the fire. Is not that just as possible as that it would be used by the San Francisco agent of the company in a way with which he had no connection? He had nothing to do with the stock-loans; that was attended to by the president of the company; and was not Richard B. Irwin in Washington at that time?—A. I do not know where he was.

Q. I think they were all indorsed by him on the same day, and that they were paid on the same day in New York.—A. The checks do not show when they were paid.

Q. Mr. Irwin had no power to make loans for the company at that date, had he?—A. It seems that he indorsed the checks, but for what purpose I do not know.

Q. But did he occupy any such position in the company as would be enabling him to use the funds of the company in making loans to stock-brokers?—A. The indorsement may have been at a later date.

Q. That is not the question. Did Irwin occupy such a relation to the company, or such a position in it, as authorized him to draw the money of the company out of bank and to make loans to stock-brokers?—A. Any one can make a loan to a stock-broker, or any one else, if he has the money.

Q. Did Irwin occupy such a position in the company as authorized him to draw the money of the company out of its bank to loan to stock-brokers?—A. I cannot say what position he did occupy. I was not in the company at the time. I understood that he was the agent of the company at San Francisco.

Q. Had he, as such agent, any power or authority to draw money of the company out of the bank of New York to make loans to stock-brokers?—A. It does not seem that he did draw money out for that purpose.

Q. Did his position as agent at San Francisco give him power or authority over the money of the company in the bank at New York, so

as to enable him to draw it out and loan it to stock-brokers?—A. I do not know anything about his power prior to 1873.

Q. Has any agent of the company at San Francisco, or elsewhere, power, under your management, to draw the money of the company out of bank and to loan it to anybody?—A. I think he has in San Francisco, and I think he does it.

Q. I mean the money of the company in bank in New York. Has any agent of the company the right to draw it out of the bank and loan it?—A. No, sir; no one has power to draw a dollar out of the bank in New York, except the president.

Q. Have you any reason to believe or suppose that in May, 1872, Mr. Irwin had any such power or authority?—A. I do not know what power he had. He evidently had a good deal of power, or else he could not have got checks for \$750,000 in one day payable to his order.

Q. It is very obvious that he had a good deal of power of some sort; but you have said that you had reason to believe that that \$750,000 was used to pay loans to stock-brokers.—A. I guess I did not say that. I said that it might have been used in Wall street.

Q. Why throw in that "might have been," unless you supposed that it was so used?—A. I was asked what was done with the money, and I said that it might have been used in that way.

Q. Why did you say that there were entries on the books which indicated that the money was used for stock-loans?—A. My impression is that there are such entries on the books.

Q. What are those entries?—A. I have brought here all the copies of the entries that I was asked to bring.

Q. What reason have you for supposing that Mr. Irwin had authority to draw the money of the company out of bank?—A. Evidently he had some authority, or else he could not have had checks to that amount payable to his order.

Q. Is it not more probable that the fact was, as has been charged, that the money was drawn by him for some corrupt purpose?—A. I do not know what he drew the money for, any more than you do.

Q. But you do know that the books of the company do not show that the money was used for any legitimate purpose?—A. You can get hold of the books by sending for them.

Q. Is not that the fact?—A. I have expressed my opinion of the purpose for which the money was used, and you can get the books and see for yourselves. I have not the slightest idea what the money was used for.

Q. Why is it that the company will allow such a large sum of money to remain unaccounted for from the 24th of May, 1872, up to August, 1874?—A. We took steps, and did investigate this matter in 1873, very soon after we took charge of the affairs of the company.

Q. Was there not a resolution pending before this committee as early as February, 1873, to investigate the conduct of your company, of Mr. Irwin and others, in the disbursement of this very money; and did you know of that fact?—A. No, sir.

Q. Where were you at that time?—A. I was in New York, attending to my business.

Q. And you did not know that there was a committee of Congress investigating the charge of illegal expenditures of money in obtaining the subsidy?—A. No, sir.

Q. Where was Mr. Irwin in February, 1873?—A. I think he was in Europe.

Q. Were you not advised by the company that this committee was

endeavoring to obtain his testimony in February, 1873, at the close of the last Congress?—A. No, sir.

Q. Do you recollect whether Mr. Stockwell was temporarily insane at that time, or pretended to be insane?—A. I believe that he was sick at that time.

Q. Was he sick, or did he only pretend to be sick?—A. I do not know.

Q. Did he ever boast that he had fooled his doctor and had fooled the committee in that matter?—A. Not to me.

Q. Did you have any conversation with him at that time about his connection with the subsidy?—A. No, sir.

Q. Where is Mr. Stockwell now?—A. I think he is in Europe.

Q. What is he doing there?—A. I really cannot tell. You can telegraph over and see.

Q. I wish to know whether you have any knowledge of what he is doing.—A. I have not the slightest idea. As I stated at the start, I have no knowledge of the expenditure of this money, and had nothing to do with the company till the last of May, 1873.

Q. Has the question of the subsidy of this money ever been the subject of conversation in your board of directors?—A. Yes, sir; it has been, and we have sued Mr. Irwin to make him account for the money.

Q. You sued him in August, 1874?—A. We should have commenced the suit before that if we could have found him, but he went to Europe a year ago last summer, and only returned last summer. When he came here we had the paper served upon him.

Q. But he remained in the employment of the company from the 24th of May, 1872, till the November following?—A. I think he did.

Q. And during all that time no question was asked him, so far as you know, as to what he had done with his money, and no investigation was had about it?—A. Not to my knowledge. I was not connected with the company at the time, and cannot tell what questions were asked him.

Q. Is there anything in the books of the company that indicates that from May, 1872, until Irwin left the service of the company, any inquiry was made about this money?—A. I do not know. The books would not be likely to show that fact. I do not know what transpired in the company up to May, 1873.

Q. Was anything developed in any of the investigations of the board of directors, showing that any steps had been taken to make Irwin account for this money during the time that he remained in the service of the company?—A. I do not know anything that took place in the company up to May, 1873.

Q. In your consultations, was anything developed showing that before that time anything was done to recover this money?—A. Not to my knowledge.

Q. Was there anything developed which indicated that any movement was made to investigate the matter until this committee of Congress undertook it in February, 1873?—A. I repeat, that I do not know of anything connected with the company prior to May, 1873.

Q. Do you recollect that Mr. Stockwell, the president of the company, was here during the pendency of this subsidy measure?—A. No, sir.

Q. Did you ever hear him say that he was?—A. No, sir.

Q. Did you ever talk with Mr. Irwin about it?—A. I never spoke to him about it; I never saw him but once; that was the day when he was in the office in August of this year, and I only saw him then as he was about leaving; I would not know him now if I should see him.

Q. Did you hear the conversation between Irwin and Sage on that

occasion?—A. I only heard one remark, just as Irwin was leaving the office.

Q. Give us the benefit of that.—A. I saw Mr. Sage and those two gentlemen talking together by the secretary's desk; my desk was not very far from it; I was busy at the time at my desk; Mr. Sage seemed to be talking quite in earnest. I heard him say something about fire-extinguishers. I knew something about some bills for fire-extinguishers, and I looked up at Mr. Irwin, (as it proved to be.) He left in about a minute. That was the only remark I heard. After he left I was told that that was Mr. Irwin. I heard Mr. Sage make this remark, that he was going to have that thing investigated, and would go to the bottom of it; and that there was another thing he was going to have investigated, and that was the purchase of a large lot of fire-extinguishers. That ended the conversation.

Q. Did not Mr. Irwin, before he left the employment of the company, settle up all his San Francisco accounts?—A. Not on our books. I do not think that the account is balanced on our books; but anything of that kind is all open to investigation; we have no secret to withhold from the committee.

Q. Is there anything on your books which indicates that that \$750,000 had any connection with the San Francisco business?—A. I think there are entries in that connection, but I do not want to make an affidavit about that without seeing the books again.

Q. This account of \$750,000 remains wholly unsettled up to this time, and nothing appears on the books of the company to indicate what became of any part of it?—A. I am not certain of that; I am not certain that the account of the San Francisco agency is overdrawn \$750,000; my impression is that it is about \$600,000.

Q. Then there is a \$29,000 check which has not been settled?—A. That check was paid to Mr. Irwin, but the voucher was not satisfactory.

By Mr. WOOD:

Q. When Mr. Stockwell went out of the presidency of the company he also went out of the board of directors, did he?—A. Yes, sir.

Q. He did not remain as director?—A. No, sir.

Q. What other changes were made in the management of the company at that time?—A. Captain Bradbury was elected president at that time, and I think there was only one director who remained. That was Mr. James D. Smith. All the other directors were new.

Q. What was the practice of the company in the disbursement of money; had the company an executive committee for that purpose?—A. I think there was an executive committee then.

Q. Who was chairman of that executive committee?—A. I cannot tell you. I have not looked back to see.

Q. Could there have been any disbursement made of any character on account of the company at that time without the knowledge of the executive committee or its chairman?—A. That I cannot tell you.

Q. Is there any record by which we can ascertain who was chairman of the executive committee at that time?—A. The books will show.

Q. Is there any person now in the board of directors who was a director at that time?—A. I think that Mr. James D. Smith was a director at that time. He is the only member of the board at that time who continues a member of the board.

Q. Does your company disburse large sums of money without having vouchers in detail?—A. Not since I have had any connection with the company. I cannot tell you prior to that.

Q. Do you know Mr. Wilson, cashier of the American Exchange Bank?—A. No, sir.

Q. Do you know whether Mr. Irwin kept his account in that bank?—A. I do not.

Q. Will your books be able to give this committee any satisfactory explanation of this money so far as information has been given by Mr. Irwin, or in his answer to the suit?—A. I cannot tell you.

Q. When your new board of directors came in and you examined as to the true condition of the company, did you not have a committee to investigate very closely as to its assets and liabilities?—A. We had a committee later—not immediately then. Captain Bradbury and Mr. Holman, the former cashier of the Purveyor of San Francisco, then took charge of the company, and remained in charge till October or November.

Q. In that examination and in the balancing of the new accounts on the books, how were those claims against Irwin classified?—A. I think we opened new books, and that claim remained in an unsettled condition.

Q. You must have classed it either as an asset or as a claim, or set it in some character on your books?—A. I do not think that it has ever been changed. We did not alter it.

By the CHAIRMAN:

Q. You say that the books of the company disclose large stock-loans about that time?—A. Large loans to bankers and brokers.

Q. You called them stock-loans, and you explained them as being loans to brokers and bankers, and you imagine that those checks to Irwin had some connection with the loans?—A. I do not know anything about that. I was asked if there was any way by which they could be accounted for, and I suggested that way.

Q. When the company loaned to a stock-broker or banker, the stock-broker or banker became debtor to the company to the amount loaned, did he not?—A. Yes.

Q. Explain to me how a check of the company would pay a debt due to the company.—A. You may come and get the books and see.

Q. I do not know, but you may explain it.—A. I do not know where the money from those checks went to.

Q. Will you not explain that process?—A. If that money should be taken to a broker's office, and the broker should come back and pay his loan, it might be done in that way.

Q. Would that change the relation of the company to the broker at all?—A. The broker would have paid off his loan.

Q. Would the broker be thereby relieved of his debt to the company if he paid it off with the money of the company?—A. That is a question.

Q. Would the money derived from the checks of the company not be the company's money?—A. Not when in the hands of a third party.

Q. Well, will you explain how it is? I always supposed that a check of the company paid its debt to somebody else; but this seems to be a process by which the company pays the debt due to it by its own checks. Tell me just what the process is.—A. I do not know that it was done.

Q. How could it be done? Just explain it.—A. If Mr. Irwin should take those checks and go and draw the money on them and deposit that money in a broker's office for himself or for anybody else, that broker would then be able to pay back his loan to the company, would he not?

Q. You know better than I do.—A. He would if he had the money.

Q. Was Mr. Irwin the sole agent of the company at San Francisco?—

A. I think he was at that time. I think Captain Eldridge had retired at that time, but I am not positive about that.

Q. Do you know how the checks for the payment of the San Francisco current accounts were drawn at that time?—A. I do not. My impression is that Captain Eldridge had retired some time previous, but I am not positive.

Q. To recur to this method, which is new to me, would the debt of somebody else to the company be extinguished, or only transferred, by the operation you refer to?—A. I should say that the company was lending Mr. Irwin money.

Q. To pay stock-loans with?—A. I do not know that.

Q. If your supposition is correct, the process which you have described would be simply the change of the debt due by a stock-broker to the company into a debt of Mr. Irwin to the company?—A. That is it.

Q. And Mr. Irwin would be debtor to the company to the same amount which, before the check was drawn, some stock-broker owed to the company?—A. Yes; I do not say that that is the case; but I was asked if there was any possibility that that money could have been used in any other way than the way suggested here, and I answered as far as my ability and knowledge enabled me to do.

Q. Can you tell whether those large loans to stock-brokers bear date earlier than those checks do?—A. I have answered that question before.

Q. Perhaps you can answer it again.—A. I think there were, before and since the date of the checks, large transactions of Mr. Stockwell in the stock of the company.

Q. Do they appear to be transactions of Mr. Stockwell?—A. There were very large transactions of Mr. Stockwell in the stock of the company, and there were very large loans of the money of the company to different bankers and brokers.

Q. Are those loans balanced now?—A. I think they are; I cannot say that.

Q. Are they substantially all balanced?—A. I know nothing of the affairs of the company prior to May, 1873.

Q. Do you not know its financial condition?—A. I know it now.

Q. How did you ascertain it?—A. By taking what was found and going on from that time since.

Q. Will you tell me whether those stock-operations were in Mr. Stockwell's name or not?—A. My impression is that a great many of them were.

Q. Did they stand in anybody's else name?—A. That I cannot tell you. My impression is that there were a great many names.

Q. Officers of the company?—A. No, I do not think so.

Q. Connected with the company in any shape?—A. No, sir; bankers and brokers.

Q. Were the accounts between Mr. Stockwell and brokers and bankers, or between the company and bankers and brokers?—A. Between Mr. Stockwell and bankers and brokers.

Q. Is there anything connecting Mr. Irwin's name in any of those transactions?—A. That I cannot tell you.

Q. In trying to trace this large indebtedness of Mr. Irwin to the company, did it occur to you to look and see if his name was connected in any way with those stock-transactions?—A. We took the original checks as we found them with his indorsement. That is the only receipt we have got from him for the money.

Q. Having answered what I did not ask, be kind enough to answer what I did ask, which was, whether, in trying to find out the mystery

of this indebtedness of Irwin, it occurred to you to see whether his name was connected in any way with those stock-operations.—A. I cannot say that it did.

Q. But it occurred to you that it was possible that those checks went to pay stock-loans. Did it occur to you then to see whether Mr. Irwin's name was connected with them or not?—A. I did not go back of the check to Mr. Irwin for that money.

Q. You never looked beyond them?—A. No, sir.

Q. Is that the extent of your investigation?—A. Yes; on Mr. Irwin's account.

Q. Tell me on what is based your supposition that Mr. Irwin took this money to pay stock-loans, if you never looked beyond the checks.—A. I think I have answered that question before.

Q. Please to answer it again. If you never looked beyond those papers, which you brought here to-day, for Mr. Irwin's connection with the money, on what did you base the idea that the money might have gone to pay stock-loans?—A. On memoranda on the books.

Q. What are those memoranda?—A. I will tell you when I have the opportunity to see the books again, or I will bring the books here and show them to you.

Q. Not having the books here, perhaps you can tell.—A. I remember some large operations in stocks and loans.

Q. I speak of memorandums on the books. What led you to infer that the \$750,000, which came into Mr. Irwin's hands through those checks, went in that way?—A. I did not infer anything of the kind.

Q. But tell me about the memorandums.—A. My impression is that there are entries on the books.

Q. Be kind enough to tell us what the memorandums are to which you allude.—A. I have already answered that question.

Q. Your answer having escaped me, be kind enough to answer it again.—A. I said that there were large loans made to stock-brokers about that time.

Q. Is there any memorandum on the books that there were large loans made to stock-brokers about that time?—A. That is my impression—months prior and months afterward.

Q. In whose handwriting is that memorandum?—A. That I cannot tell.

Q. Under whose account in the books is that memorandum? Is it under any particular man's account?—A. I cannot tell you without looking back.

Q. Do you swear that there is such a memorandum on the books?—A. That is my impression.

Q. Give, as near as you can, the words of any of those memorandums.—A. I do not recollect any of the words.

Q. As near as you can.—A. My impression is that there is a loan to a broker or banker of \$100,000, and that it was paid off.

Q. That is not the question I asked you. You say that, outside of the entries, there is a memorandum on the books, and about that time there were large loans to brokers.—A. No; I mean that the entry is on the book.

Q. Is there any memorandum on the books outside of the ordinary entries of debit and credit?—A. No, sir; none others—I mean entries. I should have changed the word from “memorandums” to “entries.”

Q. Is there a single word on the books of the company that connects Mr. Irwin with any stock operations?—A. That I cannot tell without examining them.

Q. Have you ever seen any?—A. I don't remember seeing any.

Q. Is there any reason for supposing that this money went in the direction of stock speculations other than that there were entries of large stock operations by Mr. Stockwell about that time?—A. The entries on the books will explain themselves better than I can explain them.

Q. No doubt of that; but I want now to get at the fact, so far as you can state it without having the books here.—A. I don't remember. I cannot remember any of the names, only I know there were very large sums of money loaned and paid back again. Perhaps it was that some of the leading bankers borrowed money and it was paid again.

Q. Can you state to what amount the books will show such operations?—A. Several millions.

Q. You have taken an earnest interest in the affairs of the company from the time you went into office until now?—A. Yes, sir.

Q. Has your attention been devoted to ascertaining what had been done prior to that time?—A. I have been responsible for what has been done with the funds of the company since I took charge; not prior to that.

Q. Were you interested in the stock of the company before you went into the management?—A. I was.

Q. Largely?—A. Yes, sir.

Q. For how long?—A. I think it reached back six or eight months.

Q. Were you interested in the company when the application was made for a subsidy here?—A. I don't think I was; but I don't remember now.

Q. Or when the subsidy finally passed, about the 24th of May, 1872?—A. I don't remember now whether it was or was not.

Q. When did Mr. Trenor W. Park become interested?—A. I think he was elected at the same time.

Q. Was he interested in the stock before May, 1872?—A. That I don't remember.

Q. Is he still a member of the board?—A. Yes, sir.

By Mr. WOOD:

Q. Did not Mr. Stockwell fail about the time that he left the company?—A. He failed about two or three weeks before, I think.

Q. Was it not understood generally in banking and mercantile circles that he had been operating very largely in stocks in connection with the company?—A. Yes.

Q. What were his connections personally with Mr. Irwin?—A. I think they were very friendly and intimate.

Q. Were they confidential?—A. I believe so, but I cannot say; I never saw Mr. Irwin with Mr. Stockwell, and I don't know that I ever heard his name mentioned by Mr. Stockwell.

Q. Have you not heard that Irwin was simply an agent of Stockwell, in his operations?—A. Yes, sir; I have heard that intimated.

Q. Was not that the general impression?—A. I cannot tell you what the general impression was.

Q. I thought that you had been among those persons who were talking freely on this subject.—A. I cannot answer for others, but my own impression was that Mr. Irwin held very confidential relations with Mr. Stockwell.

By Mr. NIBLACK:

Q. You have a secretary of your company?—A. Yes, sir; Theodore T. Johnson.

Q. In the usual course of business, he has charge of the books of the company, has he not?—A. He used to have a book-keeper there; we have now an accountant. Mr. Johnson does not have charge of the books.

Q. In case we should desire to inspect the books, whom should we ask to bring them—whom should we summon?—A. You could summon some of the officers—Mr. Neiber, that I have spoken of.

Q. How voluminous are the books?—A. There are four or five books. I should very much prefer that you should send a committee or some responsible person to examine them; otherwise it will interfere with our business for three or four days. There are no secrets on the books that are not open to you, so far as my power goes, and I am quite willing that anything that has been done since I took possession shall be examined and criticised.

Q. Our object in examining you is not to criticise you; we want to get at these extraordinary disbursements of money, if we can, especially as it has been rumored for some time past that a good deal of this money was expended here in Washington.—A. You will remember that Mr. Stockwell made a settlement with the company for money that he had used; I think that must have been in February or March.

By Mr. WOOD:

Q. Money used here?—A. No, no; money that he had used in his speculations. He made a settlement, and gave his notes for \$840,000.

By Mr. NIBLACK:

Q. He was indebted to the company to that amount on his settlement?—A. Yes, sir; on his own showing.

By Mr. WALDRON:

Q. You have been managing director of this company since May 1873?—A. No, sir; since November 1, 1873. I was a director up to that time, and Captain Bradbury was the manager.

Q. The officers of your company have been taking steps since that to ascertain what became of that \$750,000?—A. Yes, sir.

Q. What have your investigations revealed as to the whereabouts of Irwin at the time this money was drawn?—A. That I cannot tell.

Q. Do you know whether he was at San Francisco at that time, the 24th of May, 1872?—A. I don't know.

Q. Don't the indorsements on the checks indicate that he was not there at that date?—A. Yes, sir. If the money was paid on the 25th he would probably have been in New York; if it was not paid until a later date, he might have been in Washington, or in San Francisco, and might have indorsed them later.

Q. Don't the indorsements on the checks show that they were paid on the 29th of May?—A. I think not.

Q. Look at those two checks for \$5,000 and for \$10,000, respectively, [Nos. 2360 and 2361:] look at the stamp on the back, "American Exchange National Bank, paid May 29th, 1872." Is this the first time that your attention has been called to that indorsement on the back of those checks?—A. Yes, sir; to the payment of them.

Q. Now, having examined that indorsement, you are satisfied, are you not, that he could not have been in San Francisco at the time those checks were paid, the 29th of May, or between the 24th and 29th?—A. I should say he could not. This is the first time, however, that my attention has been called to when they were paid. Perhaps the others are indorsed in the same way.

Q. No, they are not. From what you know of the manner of transacting banking business in the city of New York, where were those checks paid?—A. I should say they were paid at the counter of the bank on which they were drawn.

Q. Have you in your investigation in the interest of the stockholders of the Pacific Mail Steamship Company, taken any steps to ascertain what disposition was made of this money by Mr. Irwin; whether it was placed at his credit at the National Bank of Commerce, or was drawn by him in currency?—A. What steps we have taken I have already explained—that we have sued Irwin on these checks.

Q. You have made no investigation at the bank?—A. I have not.

By Mr. FOSTER:

Q. You don't know whether he drew it out in currency or not?—A. I do not. It might be necessary for *him* to draw the money personally. If it went through any other bank, the other bank's name would be on the back.

By Mr. WALDRON:

Q. The indorsements show that only \$15,000 passed through any other bank, and that \$735,000 was paid at the National Bank of Commerce?—A. Yes, sir.

Q. And your company has made no investigation at the National Bank of Commerce for the purpose of ascertaining to whom they were paid?—A. I have not made any, and I know of none being made. Mr. Sage, the president, had that in charge.

Q. Would not an examination there readily determine the disposition of the money, after it went into Mr. Irwin's hands?—A. No; not necessarily. Perhaps Irwin did not draw it at all; somebody else may have drawn it; Mr. Stockwell may have drawn it.

Q. If somebody else had drawn it, would not Irwin have indorsed it over to his order?—A. No, sir; not necessarily at all. If the indorsement was certified to, or if the gentleman went in and said, "This is Mr. Irwin," that would do.

By Mr. E. H. ROBERTS:

Q. You are managing director of the company at present?—A. Yes, sir.

Q. Suppose there was a transaction of this sort, so much money drawn to the order of an agent, upon whose order would it be done, yours or that of the president?—A. The president signs the checks.

Q. But who makes the transaction?—A. The business is done by myself.

Q. Mr. Stockwell was president at the time these checks were drawn?—A. Yes, sir.

Q. Was there, at that time, any managing director?—A. No, sir; Mr. Stockwell was the executive officer. He ordered a check drawn, and the treasurer and the vice-president signed it. As you see, the checks are not signed by Mr. Stockwell himself; but he, too, signed checks.

Q. You say that he ordered these checks drawn?—A. No, sir, I do not. I say that he would order a check drawn—any check—and it would be signed, either by himself or by these other officers.

Q. Then, according to your way of doing business in the company, the authority to draw these checks would have come from the president or from the executive committee?—A. It would come from the president, I think. When I took charge, the agreement between Mr. Sage

and the board and myself was that he should sign all the certificates and all the checks. Since I have been in the board as manager I never have signed a certificate, a check, or a note. That was the agreement, because it takes considerable time to do that signing, and I don't much like writing, and, in fact, as executive officer I could not very well do it.

Q. Then, in order to perfect the transaction in 1872, the only person who would need to have known about it would have been the president?

—A. Yes, sir, at that time.

Q. You were asked about the executive committee. Would the executive committee at that time have had occasion to know of the issue of those checks?—A. They would or would not—not necessarily—unless he called his executive committee together.

Q. It was possible for Mr. Stockwell to have issued those checks for so much money without the knowledge of any other officer of the company?—A. Yes, sir.

Q. Have you knowledge of any arrangement since with reference to the continuance of this subsidy, by which the company is to pay to any person money or any other valuable consideration?—A. No, sir; not a dollar. You mean since the first of May.

Q. At any time? Do you know of any arrangement of any kind, for the payment of money or any valuable consideration?—A. No, sir.

Q. Mr. Sage mentioned an arrangement with Mr. Roach. Have you any knowledge of any arrangement between the company and Mr. Roach with reference to the subsidy?—A. No, sir.

Q. Did the transactions of the company with Mr. Roach have any relation to the subsidy in any way?—A. No, sir.

Q. Are you able to say positively that they did not?—A. They did not to my knowledge.

Q. Would you have known if there had been any such arrangement?—A. I think I should.

Q. Did you make the settlement with John Roach?—A. I did not do it personally. It was done by the board; Mr. Alexander, the president. You mean recently?

Q. Yes. Was there anything said with reference to Roach's interest in the subsidy, or was there any consideration for anything that he did or assisted in doing with reference to the subsidy?—A. No, sir.

Q. Then, had the company any arrangement with Mr. Roach with reference to the subsidy, or bearing upon it in any way?—A. Not to my knowledge.

Q. And if there had been any such arrangement you would have known it?—A. I should probably have known it.

Q. Especially as the settlement was made during your administration and to your knowledge?—A. Yes, sir; the settlement with Mr. Roach was made last week, or the week before.

Q. The company is asking now for a continuance of this subsidy?—A. Yes sir.

Q. Has the company taken any steps to influence Congress or any of the Departments with reference to it?—A. Not one dollar, to my knowledge, directly or indirectly.

Q. Would any other officer of the company than yourself be charged with making any transaction with reference to that?—A. I don't think it; not without my knowledge. The president would, if any one. That was Mr. Sage. Mr. Alexander has been elected only a few days.

Q. Have you stated everything that you know with reference to the relations of the company to the application for the continuance of the subsidy?—A. Yes, sir; we made contracts with Mr. Roach, expecting

that this subsidy would come in according to the agreement with Congress. We have paid him \$300,000 on three ships already.

Q. You say you made a contract expecting the continuance of the subsidy?—A. We would not have made a contract for the ships if we had not expected the subsidy, if we had not expected that the Government would keep its contract with us.

Q. On the examination of Mr. Sage yesterday I asked the question, "You stated that the company has not expended a dollar in that direction," (that is, for the continuance of the subsidy.) Has the company during your administration made any arrangement for spending money here in connection with the subsidy?—A. Yes, sir; we made a conditional contract with Mr. John Roach that if the subsidy was carried the company would need additional steamers, but otherwise would not need them. The option expired on the 2d of November, and was not renewed because the thing was not consummated.

Q. He states the contract was made conditionally. What does that mean?—A. He made the contract; I did not.

Q. I understood you just now to say that there was no arrangement with Mr. Roach having reference to the subsidy in any way?—A. There is not, to my knowledge, any arrangement with him other than there would be with any other ship-builders. If we don't get the subsidy we shall not want so many ships, and we shall not be as well able to pay for them either, as if we had the subsidy. That is the only arrangement I know of, and that is between the Government and the company.

Q. But you don't expect to continue business if the subsidy is not continued?—A. That is very true; but if we got the subsidy we should be enabled to build more ships; and to keep up the semi-monthly line we should need more ships.

Q. Have you any contracts now for ships?—A. We are building three more.

Q. Is there any condition in those contracts depending upon the continuance of the subsidy?—A. No, sir; they are positive contracts; I drew them myself, and I know there is nothing of that kind in them.

Q. Then what do you say to the statement of Mr. Sage, that the company made a conditional contract with John Roach, that if the subsidy was secured the company would need additional steamships; otherwise not?—A. I suppose he means that to apply to two more large steamers of the class of the Peking and the Tokio.

Q. You have a positive contract with Mr. Roach for three additional steamers?—A. Yes, sir; and he has got two thousand men at work on them now. Those are not steamers of 4,000 tons, though—only 3,600 tons.

Q. Then, was there an arrangement for two larger steamers additional upon the passage of the subsidy?—A. If we got the subsidy we should want two more large ships, which would come under the contract. There is no *arrangement* about it. I did not make the contract.

Q. There is not now any such arrangement for two large ships, based upon the condition of the continuance of the subsidy?—A. The conversation that I heard was that we would have to have two more large ships to keep up that service, unless Congress would reduce the size of the ships required.

Q. Do you want to have it understood that there is a conditional arrangement with Mr. Roach, or that there is not? Is there an arrangement with him that you will take of him two ships of the largest class if the subsidy is continued?—A. There is no arrangement to my knowledge, beyond the contract for the three ships that he is building; but

if we get the subsidy we shall build two more large ships that will come under the class of the Peking and the Tokio, as required by law.

Q. Do you base your answer upon the word *arrangement*? Is there any *understanding* with Mr. Roach that you will take of him two ships of the larger class if the subsidy is granted—anything in the nature of an understanding or a contract?—A. Nothing beyond what Mr. Sage has explained here. If the subsidy is continued, then we shall want the two large ships.

Q. And you will take them of Mr. John Roach?—A. If somebody else does not build them cheaper, I suppose. I have no arrangement.

Q. Has the company?—A. Mr. Sage is the one that made the contract.

Q. He states that the option expired on the 2d of November, and has never been renewed; do you confirm his statement or modify it?—A. I confirm his statement that there is no contract to my knowledge.

Q. You say there is no “contract” and no “arrangement;” is there any “understanding” with Mr. Roach to that effect?—A. No, sir; the board has taken no action on the subject.

By Mr. BURCHARD:

Q. Are these checks charged on the books of the company to any account?—A. I have suggested that the committee had better get a memorandum from the books. I cannot tell you what account they are charged to.

Q. In your examination of the books have you noticed an account with Irwin, in his name?—A. I don't know. I can't tell you whether there is one or not.

Q. Is there an account with the San Francisco agency?—A. There is.

Q. Does that account show a balance in favor of the company or against the company?—A. My impression is that the San Francisco agency is largely in debt to the company, but I cannot give you a definite statement as to that.

Q. I understood you to say that a check for twenty-nine thousand and some odd dollars was given to Irwin at the time when his connection with the company as agent ceased; was that a balance of account?—A. No, sir; I don't think it was; that is my impression about it; I cannot tell you the detail of that without refreshing my recollection.

Q. You have noticed upon the books of the company entries in regard to these particular checks, have you not?—A. I referred to that on my first statement. I think there are large entries occurring prior to that time, but I cannot tell you whom they are made to; nor the amounts, nor the dates.

Q. I don't refer to that; I ask you whether these particular checks are not charged up and credited to the different accounts?—A. I cannot tell you without referring to the books.

Q. You don't know, then, whether they are charged to Stockwell's account, Irwin's account, or the San Francisco agency's account?—A. No, sir.

Q. What do you give us by which we can identify the entries in the books in reference to the loans to stock-brokers, &c.?—A. The books will show. You can have the book-keeper come on with the books, or I will come on.

Q. But what will enable us to begin at some particular place or account in the books? How shall we know the entries that refer to these loans, &c.?—A. That I cannot tell without referring you to the books, and I don't know that you could tell then.

Q. Then it would be necessary to have you present when we examined the books?—A. No, not necessarily.

Q. There are, I suppose, in the books a great number of accounts?—A. Yes, sir.

Q. To which particular name shall we look to find these entries?—A. You will have just as much knowledge of the books as I have, or as the books will show.

Q. Can you give us some name or indication by which we can find these particular entries?—A. I will give it to you when I see the books. I don't know that I could explain the books; it all took place before I had anything to do with the company.

Q. Were there large stock-operations connected with the Pacific Mail stock about the time of the passage of this subsidy bill?—A. That I could not tell you without seeing the books.

Q. Do you recollect whether there was any advance in the market-price of the company's stock about that time?—A. My recollection is that it was a pretty active stock-market, both prior to and after that time.

Q. Had you any idea that this money was drawn for the benefit of the company, for the purchase of stock?—A. I had not any idea about it; I did not know what it was drawn for.

Q. Is Mr. Irwin's correspondence with the company or its officers on file among the papers of the company?—A. I presume it is.

Q. Have you examined it?—A. No, I have not.

Q. Or looked at any of the letters passing about that time?—A. No, sir.

Q. You have no knowledge of whether there is such a correspondence?—A. No, sir.

Q. If there is, it is preserved?—A. Yes, sir; I presume it is; everything is intact, I presume, so far as my knowledge goes.

By Mr. KASSON:

Q. Was it the custom of the Pacific Mail Steamship Company to advance money to bankers or brokers with a view to protect the market-price of their shares or securities?—A. Not that I know of; I don't know whether they did it or not, but I know of no such transaction.

Q. If Mr. Stockwell had simply ordered the vice-president and treasurer to sign these checks, amounting in the total to \$750,000, without presenting any vouchers or giving any explanation of the object, would those officers, in the ordinary course of business, as you understand it to have been at that time, have signed the checks under his direction without any explanation?—A. Yes, sir; that is my impression.

Q. That would at least have been consistent with the rules then in force?—A. I think so; that is my impression.

Q. Checks Nos. 2360 and 2361 bear the indorsement, "Pay to E. Willson, cashier, for deposit, Richard B. Irwin;" the others are indorsed in blank merely, "Richard B. Irwin." The two whose numbers I have given are the ones that are stamped "paid" on May 29th?—A. Yes, sir.

Q. Does that indicate that they were passed to the credit of the indorser, Richard B. Irwin, in the bank of which Willson was the cashier?—A. I don't think it would.

Q. What would that indorsement indicate, "Pay E. Willson, cashier, for deposit, R. B. Irwin?"—A. That it had gone to Irwin's credit.

Q. Then it would be entered, in the ordinary course, to the credit of R. B. Irwin in the bank of which Willson was cashier?—A. Yes, sir, it

might have been, or it might have been paid; but the indorsement would indicate that it was placed to his credit.

Q. You speak of the possibility of these payments being made in satisfaction of loans made of the company's money. If a loss had been sustained by the president of the company in the effort to manipulate the stock, so far as you know, would it have been possible or consistent with the custom of the company to make satisfaction of those loans out of the funds of the company?—A. No, sir; it would not. I never heard of its being done.

Q. Then the possibility that you suggest is simply this: that somebody may have been indebted to the company, and, through some influence, may have had checks issued upon which he could draw the money of the company and put it to the credit of the charge previously made against him by the company?—A. There is a possibility of that.

Q. And that is the possibility to which you have referred?—A. Yes, sir, in answer to your question whether there was a possibility of the money being used in any other way.

Q. I think you stated that, to your knowledge, there was not any correspondence, or copy of correspondence, in the company's papers, either with Irwin or any other party, relative to this \$750,000?—A. I don't know of any such thing. I know of nothing of the company's affairs that transpired prior to May, 1873.

[Mr. Hubbard, attorney for Mr. Irwin, here handed to the chairman a list of questions which he desired to have put to the witness.]

Mr. ROBERTS. Mr. Irwin has not appeared, and it seems to me rather a questionable course to permit questions to be put in his behalf before he appears. If there is any member of the committee who desires to ask any questions, from whatever source they may be suggested, I shall make no objection; but it does seem to me that it is very unusual to have the attorney of a person against whom no charges have been made, who has been subpoenaed as a witness, and who has not responded to the summons of the committee, examine witnesses who have appeared.

On motion of Mr. Wood, the committee resolved that, until Mr. Irwin should appear in person, the committee would not permit his appearance by attorney; and, also,

On motion of Mr. Wood, the witness, Mr. Hatch, was excused until Wednesday, December 16, at 10 a. m.

WASHINGTON, D. C., *December 15, 1874.*

Mr. ORDWAY, Sergeant-at-Arms of the House, came before the committee and made a report as to the action of himself and his assistant, Mr. Aaron Bradshaw, in regard to the subpoenaing and subsequent arrest of Richard B. Irwin, whom Mr. Ordway reports as having been taken by him to Washington yesterday, and as being now in custody. He expressed the belief, however, that Irwin was too ill to appear before the committee this morning. He was directed to call upon the witness and ascertain his condition.

Mr. G. G. HUBBARD, counsel for Irwin, stated that Mr. Irwin had come on to Washington last evening, and was then apparently quite well. He had known him for a number of years. He (Irwin) had been an officer in the Army during the war, and had then been seized by a long, lingering illness, from which he had never entirely recovered. About a year and a half ago he had been thrown from a carriage in San Fran-

cisco, and had fallen on his head on the rails of a street-railroad, by which fall his skull had been broken, and ever since he had been suffering under a complication of disorders. He (Mr. Hubbard) had been with him till a late hour last evening, and had left him in a very nervous, excited state of mind. He had again called upon him this morning, and had told him, in view of the condition he was in, that he ought not to appear before the committee to-day. Irwin's reply had been, "I must be there. I am able to be there." He (Mr. Hubbard) had talked with him a little further, and had told him that he would be running a risk of his life if he attended the hearing this morning. Irwin had then replied, "My headache is beginning to be bad, and I shall be positively, in a few minutes, almost insensible and unconscious." Before he left him, he (Irwin) was unable, without an effort, to recall his mind to the subject they were discussing.

Mr. BECK. It appears to me, then, that it would be better if you should stay away from him.

Mr. HUBBARD. Very likely. What I stated was that Mr. Irwin was in a very nervous, excitable state of mind from long-continued illness; and, so far as my knowledge of the man goes, it would be a risk of his life for him to appear before the committee this morning.

Mr. KASSON. Were there others besides you visiting him?

Mr. HUBBARD. No others but Mr. Chapman, another of his counsel.

Mr. KASSON. He saw no one but his counsel last evening?

Mr. HUBBARD. No one, to my knowledge.

Mr. FOSTER. Has he had a physician?

Mr. HUBBARD. No; but he took his regular medicine last night before he went to bed.

Mr. CHAPMAN (another counsel for Irwin) stated that he was present at the interview narrated by Mr. Hubbard; that Mr. Irwin had expressed his profound determination to be before the committee this morning; but that from his, Mr. Chapman's, knowledge of Mr. Irwin, and of the condition of his mind, he had deemed it prudent to lay the matter before the committee and to ask to have the matter postponed till to-morrow. He desired to say, in justification of Mr. Irwin, that there had been no desire on his part to evade examination——

Mr. BECK, (interrupting.) I object to counsel stating what Irwin's intention was. He can tell that himself. I think that the Sergeant-at-Arms should be instructed to keep Irwin's counsel away from him, and give him a chance to get well.

The CHAIRMAN (to Mr. Chapman.) You say that Mr. Irwin possessed a strong determination to come here.

Mr. CHAPMAN. Yes, sir.

The CHAIRMAN. But that you and Mr. Hubbard, his counsel, felt that it would not be safe for him to do so?

Mr. CHAPMAN. Yes, sir.

The CHAIRMAN. Has he addressed any communication to the committee himself?

Mr. CHAPMAN. He simply desired us to come and make that statement.

The CHAIRMAN. You represent him here, and still you do not represent his own desire.

Mr. CHAPMAN. I beg your pardon.

The CHAIRMAN. You represent what you think is best for him?

Mr. CHAPMAN. Before we left him he came to the same conclusion.

The CHAIRMAN. You convinced him?

Mr. KASSON. I think that this idea of attorneys representing what

physicians only are competent to represent cannot be satisfactory to the committee. If the witness does not desire to stay away I do not see that it is the business of counsel to urge him to stay away unless they are physicians as well as lawyers.

Mr. WOOD. Is it not understood that the Sergeant-at-Arms has gone, or sent, to bring Mr. Irwin here?

The CHAIRMAN. Yes.

Mr. WOOD. I think that until we hear from him we ought not to hear from any one else.

Mr. BECK. It is very remarkable that this man should have come here last night quite well, and that now he should be in the very excited state of mind described by his counsel; that this morning he should have expressed his determination to come before the committee, and should have seemed to have no doubt about his ability to do so; and that a short interview with his counsel should have rendered him unable to do so, and put him in such a condition as that he thought he would be insane very shortly. The whole thing seems to me like playing fast and loose. I do not believe in letting a witness have counsel, and I deny the right of counsel to represent witnesses, or to appear at all. He ought never to be heard or allowed. The committee will protect witnesses without the aid of counsel. I am opposed to this whole proceeding of having counsel before a committee.

Mr. NIBLACK. We had better hear nothing further until we hear from the Sergeant-at-Arms.

Mr. BURCHARD. If a witness claims to be in ill-health and unable to attend, he should be heard either by letter or messenger.

The CHAIRMAN submitted the question on hearing counsel further on the subject of Mr. Irwin's intention, and it was decided in the negative.

Further proceedings were suspended to await a report from the Sergeant-at-Arms.

After waiting till noon without hearing from the Sergeant-at-Arms or the witness, the committee adjourned till 10 o'clock to-morrow morning, unless sooner called by the chair.

The committee met again at 2 p. m., on the call of the chairman.

Dr. WM. P. JOHNSTON, a practicing physician in Washington for the past thirty-four years, appeared and made a statement as follows:

I know Richard B. Irwin; I attended his wife about six or eight years ago, and I attended him when he was here last, two or three years ago. I had not seen him since that time until I was called to see him this morning. I found him quite unwell. His condition proceeded, I think, from an accident which occurred to him some time since in California, and which he described to me; I had not heard of it before. He was thrown from a buggy, he said, and severely injured, and his physicians told him that he had sustained some lateral fracture of the cranium. Since then he has suffered a good deal from pain in the side of the head and compression of the brain. He said that he had suffered a good deal from concussion after the accident, and when these pains have continued for some time, his stomach, in consequence of the reflex action, becomes disordered and rejects food, so that he cannot eat anything for two or three days. What he seemed to be apprehending this morning was a return of this disorder of the stomach. It had not yet appeared and he had taken steps to guard against it; he had taken a warm bath before I arrived, and he told me that he felt better, but he was still in bed and suffering from pain in his head. It was about half past 10 o'clock when I saw him; I stayed a little while, and on leaving he begged me to come to-morrow early, because he desired to meet this

committee, and hoped he would be able to do so. He repeated twice his desire that I should call upon him early. My opinion is that he will be able to come out to-morrow, but I do not think he is able to attend here to-day. He looked very pale and seemed to be suffering from a good deal of nervous prostration, and I think that the necessary excitement of an examination would so prostrate him that I doubt very much whether he would be able to go through with it to-day, but I think he will be able to appear to-morrow. That is my opinion as a physician, and that appeared to be his own opinion, if I understood him correctly.

By the CHAIRMAN:

Question. Was his condition such that you could form your opinion without his own statements?—Answer. Well, no; I could not judge of his pain; all I could see was that he had received an injury; he had no fever, his pulse was tranquil, but he looked pale; the first thing that struck me on entering was his pallor.

Q. Have you any question about his illness being real?—A. I have no question at all, sir. He spoke to me in that confidential way that one does to a physician—spoke freely about his sensations and described them accurately.

Q. Was it not possible for him to have feigned illness without your detecting him?—A. Yes, I think it was. A man can say that he has got pain, that he feels prostrated, that he has pressure on the brain, that frequently he has a disordered stomach, and that he apprehends a return of the same.

Q. Of course you could not tell what he apprehended, but could not you detect whether he was really ill when you saw him?—A. Well, my impression when I first went in was that he was very sick; I was struck by his pallor, but these other feelings and conditions could only be ascertained from his own statements.

By Mr. KASSON:

Q. In your judgment, is it wise to allow persons to visit him and converse with him about a subject that excites him?—A. I think not, sir; and he thought not himself; in fact I was not admitted myself until my name was sent in; while I was there two or three of his young relatives came to see him and did not send up their names, and he said he would not see anybody that did not send up his name.

Q. In your judgment, then, it would be wise to exclude all persons from conversing with him to-day on business that would excite him?—A. I think so; I think he ought to be perfectly quiet to-day.

At this point the doctor retired, but almost immediately he returned to the committee-room and asked leave to qualify his last answer. He had only meant to say that visitors should be excluded from Irwin to-day—not that his counsel might not see him.

Mr. BECK. The difficulty about that is that his counsel say they found him pretty well last night, and that after they had talked with him awhile he got very sick.

The CHAIRMAN. Has anything occurred since you went out, doctor, that led you to return?

Dr. JOHNSTON. Yes, sir; a gentleman asked me whether I meant that his counsel could not see him, and I thought that if there were any matters that he had discussed with his counsel, I did not suppose it would hurt him to confer with them briefly, but I thought that a long discussion with his counsel would be prejudicial to him.

Mr. KASSON. The counsel made such a report this morning as indi-

cated that he was worse when they left him ; now unless this business would excite him, what would ?

Dr. JOHNSTON. Well, he says that reading excites him and prostrates him. He is suffering now, as I understand, from a peculiar condition of his brain, resulting from this severe concussion that he received, and while he is in that condition of course he cannot go into any long explanations that would tax his mind ; that would be positively prejudicial ; but if any one merely had business that would detain him a few minutes, I don't suppose it would injure him.

Mr. KASSON. Would it hurt him if a subcommittee of the Ways and Means were to ask him a few questions touching this business any more than it would for his counsel to talk with him ?

Dr. JOHNSTON. Well, sir, I really think now that to-morrow he will be in a much better condition to meet the committee.

Mr. KASSON. Our point now is to see that nothing is done in the mean time to depress his condition ; we don't want him thrown into such a condition that he cannot come here to-morrow, and we wish to have your judgment as to whether his counsel worrying him with questions would not have that effect.

The CHAIRMAN. If you could have him for treatment exactly as you wanted him, what would you do ?

Dr. JOHNSTON. I would keep him in a state of absolute repose.

The committee, after hearing Dr. Johnston's statement, decided to wait for Irwin until to-morrow morning.

Statement of Mr. Rufus Hatch, general manager, and Mr. H. E. Merrill book-keeper of the Pacific Mail Steamship Company.

WASHINGTON, D. C., December 16, 1874.

The books of the Pacific Mail Steamship Company having been exhibited to the committee, Mr. Rufus Hatch, the general manager of the company, and Mr. H. E. Merrill, the book-keeper, explained the entries to which their attention was called, and were examined, as follows :

Mr. ROBERTS. This entry of \$100,000 on the ledger, page 207, dated May 24, 1872, under the account of Eldridge & Irwin, agents, refers to the like entry on page 197 of the journal ?

Mr. HATCH. Yes, sir.

Mr. ROBERTS. Under the head of "loan-account," page 81 of the ledger, the entry of \$650,000, under date of May 31, 1872, to Harriott & Noyes, refers to the entry on page 197 of the journal ?

Mr. HATCH. Yes, sir.

Mr. ROBERTS. Are there any other entries in these books referring to these particular checks ?

Mr. HATCH. Not that I know of.

Mr. ROBERTS. Are these the entries with reference to which you suggested the other day that these checks might refer to stock-loans ?

Mr. HATCH. Yes, sir.

Mr. ROBERTS. Be kind enough to explain which of these entries justifies that idea.

Mr. HATCH. The \$650,000 check being charged to Harriott & Noyes as a loan, and so journalized and posted.

Mr. FOSTER. And liquidated by them ?

Mr. HATCH. I presume so.

Mr. ROBERTS. These entries show that this money was loaned to them?

Mr. HATCH. That is the entry on the book.

Mr. ROBERTS. Can you state whether there are any entries in the books showing that payment of this loan was made by Harriott & Noyes?

Mr. HATCH. I stated the other day that I knew nothing of these transactions except as they appear on the books, and I state the same now.

Mr. ROBERTS. But you have shown us an entry on the books which you say indicates that that \$650,000 was a loan to Harriott & Noyes. Now I ask you whether these books show that this loan was ever paid?

Mr. HATCH. Yes, sir; I believe they do show it.

Mr. ROBERTS. Is there an account with Harriott & Noyes?

Mr. MERRILL. No, sir; there is not.

Mr. ROBERTS. But there is a loan-account?

Mr. MERRILL. Yes.

Mr. ROBERTS. Can you, in that loan-account, trace whether or not this particular sum was paid by them?

Mr. MERRILL. No, sir; I have not been able to, and I have been over the books very carefully. I find, by looking at the books, that after May 31 they returned \$280,000. Whether or not it was a portion of this \$650,000 loaned to them on May 24 I do not know. Other loans to them appear on the books before and after this May transaction.

Mr. ROBERTS. Do the books show whether there is a balance due from them, so far as the books go?

Mr. MERRILL. Yes, sir. At the time the balance was carried forward from the old ledger to the new ledger, on July 30, 1872, there was a balance of \$500,000 against them.

Mr. ROBERTS. Did your accounts with them go beyond that date in these books?

Mr. MERRILL. Yes, sir.

Mr. ROBERTS. Was that sum of \$500,000 ever paid by them?

Mr. MERRILL. Not in that amount. They may have paid it, part at one time and part at another.

Mr. ROBERTS. Do your books show that they continue to be debtors to that amount?

Mr. MERRILL. O, no, sir; they are not now. It is all settled.

Mr. ROBERTS. Then this loan of \$650,000 is shown by the books to have been paid?

Mr. MERRILL. Yes, sir; not in that amount of \$650,000 at one time, but at several times. There were other amounts, in addition to that \$650,000, loaned to Harriott & Noyes continuously, both before and since that time. They paid back these loans—\$500,000 one day; \$100,000 another day; \$25,000 another day; and so on until the account was square.

Mr. ROBERTS. Do you mean to say that the entire loan represented by this entry of \$650,000 has been fully paid and settled?

Mr. MERRILL. The books show that; so that at present there is nothing charged to Harriott & Noyes on our books.

Mr. ROBERTS. Do the books show whether the payment was made by cash, or was settled by an entry of some other sort?

Mr. MERRILL. It is posted as "by cash." All the entries in this loan-account are posted as "cash."

Mr. ROBERTS. So that the books would show that this loan was paid by cash?

Mr. MERRILL. Yes, sir.

Mr. ROBERTS, (to Mr Hatch.) From your knowledge of the books, do you now believe that loan of \$650,000 to Harriott & Noyes to have been fully paid off by cash?

Mr. HATCH. I cannot answer whether it has been paid by cash or by transfer of the loan to other parties.

Mr. ROBERTS. You stated the other day that this was a mysterious account, which you could not understand. What do you see on the face of the book?

Mr. HATCH. It is posted as paid by cash.

Mr. ROBERTS. Can you give us any information as to that transaction?

Mr. HATCH. I cannot, without going into the details of the books. Nearly all the large entries in the loan-account are to Harriott & Noyes, and to F. C. Markham, who was Mr. Stockwell's confidential broker—particularly so. Along about December, 1872, or January or February, 1873, it was found, when the books were examined, (as I understand—I was not an officer of the company at the time, or until the last of May, 1873, so that I cannot speak from personal knowledge,) that Mr. F. C. Markham had a loan from the company, for which the company had little or no security. It had some Australian steamship stock. My impression is that when Mr. Stockwell settled up with the executive committee of the Pacific Mail Steamship Company it was shown that he owed the company \$840,000—which included Markham's indebtedness—and the Howe Sewing-Machine notes were taken in settlement of that claim. These notes were afterwards settled for 10,000 shares of Pacific Mail stock, and the stock was sold. That is my impression of the way the matter stands.

Mr. ROBERTS. Do you connect that settlement with this loan in any way?

Mr. HATCH. You may get somebody to go over the books and see.

Mr. ROBERTS. You have given us your impression at various stages. What is your impression as to that? Your statement seems to imply that.

Mr. HATCH. I do not wish to imply anything. I am only telling you as I understand it.

Mr. ROBERTS. Do you understand that that settlement covered this loan in any way?

Mr. HATCH. My impression is that there are cross-entries in the books by which the loans to Harriott & Noyes were paid off and charged to Markham and Stockwell, and perhaps Eldridge and Irwin were included.

Mr. ROBERTS. That would make the settlement with Stockwell include these entries.

Mr. HATCH. It might or might not.

Mr. ROBERTS. What is your impression as to whether it did or not?

Mr. HATCH. Mr. Markham was Mr. Stockwell's confidential broker. He did a large business with him in stocks in every possible way. And Harriott & Noyes were the largest borrowers of money from the Pacific Mail Steamship Company. Now, if these entries do show this, (as it is believed they do,) then I should connect these circumstances.

Mr. ROBERTS. You were kind enough to give us your impression of this transaction at various stages; can you not give us your impression to the end?

Mr. HATCH. My impression is that a considerable amount of it, if not all of it, passed into the hands of Mr. Stockwell or his brokers.

Mr. ROBERTS. You have given us your impression of the history of this transaction; but you stop at a particular point. Now, I ask you

simply whether or not your impressions connect this loan to Harriott & Noyes in any way with the settlement made by Stockwell?

Mr. HATCH. My impression is that they are connected; but I do not wish to state that until I shall have examined the books further.

Mr. ROBERTS. You stated the other day that these entries would give the ground on which you assumed that the money from these checks may have gone into Wall street.

Mr. HATCH. Yes; and I have given you the facts. You know just as much about it as I do.

Mr. ROBERTS. But you stop just at the point.

Mr. HATCH. In every statement that I have made about it I have said that I had no knowledge of the facts. I have brought the books here and shown the entries. And I have stated what I believe to be the facts in regard to Mr. Stockwell's final settlement with the company. My impression is that Mr. Stockwell used the funds of the company continually and constantly. You may take these entries and see whether one loan is paid off by a loan to another man. I do not pretend to be able to explain it to you. In the winding-up of Mr. Stockwell's account, he gave notes for \$840,000.

Mr. ROBERTS. That included Markham's account.

Mr. HATCH. Yes, as I understand it; his account and loans from the company.

Mr. ROBERTS. And Harriott & Noyes's?

Mr. HATCH. I do not know about that.

Mr. MERRILL. I think that Mr. Hatch wishes to convey to the committee the idea that Harriott & Noyes's loan may have been paid by a transfer from one broker to another.

Mr. ROBERTS, (to Mr. Merrill.) Well, I ask you whether these books show in any way that this loan of \$650,000 to Harriott & Noyes appears in the settlement with Stockwell?

Mr. MERRILL. That I do not know. I have not examined the books as to that point.

Mr. ROBERTS. What do the books show in that regard?

Mr. MERRILL. The books show that Harriott & Noyes's loan-account is square.

Mr. ROBERTS. How? By a transfer to some other account?

Mr. MERRILL. I have not examined as to that. I was not the accountant or book-keeper of the company at that time.

Mr. ROBERTS. I wish that you two gentlemen would be kind enough to examine that matter in order to be able to satisfy the committee.

Mr. MERRILL. Yes, sir.

Mr. BURCHARD, (to Mr. Merrill.) What books are those before you?

Mr. MERRILL. The old ledger, the new ledger, into which all the transactions are posted, and the journal.

Mr. BURCHARD. Are the unsettled accounts in the loan-account drawn off the old ledger and carried forward?

Mr. MERRILL. Yes, sir.

Mr. BURCHARD. And, at the date of the opening of this new ledger, were Harriott & Noyes indebted to the company?

Mr. MERRILL. Yes; the entry shows that they were indebted to the amount of \$500,000.

Mr. BURCHARD. And subsequent entries show that the account was settled?

Mr. MERRILL. Yes. On August 1 there is brought forward into the new ledger, on the loan-account, a debit of \$500,000 by Harriott & Noyes, and on September 7 there is a credit on the loan-account of cash received

from Harriott & Noyes of \$500,000, which would offset the former indebtedness.

Mr. BURCHARD. On page 220 of the journal, under date of June 20, 1872, I find this entry: "H. McAlister, legislative expenses, subsidy res., \$5,000," and "Sundries, \$1,000." Will you find in the day-book, or cash-book, the corresponding entry from which this entry is made?

Mr. MERRILL. That came from the San Francisco account. We do not know anything about the items; we take them from the agency-account as we find them, and enter them on our book.

Mr. BURCHARD. On page 200 of the journal, under date of May, 1872, there appears an entry, "Harriott & Noyes, Dr., to Eldridge and Irwin, agents," and there is a charge of \$100,000, made up of \$40,000, \$35,000, \$20,000, and \$5,000. Can you find the corresponding entries in the day-book, or cash-book, or on the check-book stubs?

Mr. MERRILL. No, sir; I do not believe I can. I will explain what I think that entry is, although I never saw it before. It looks to me as if these amounts of \$40,000, \$35,000, \$20,000, and \$5,000 had been charged to the wrong account, (as a loan to Harriott & Noyes,) and that this entry was made to reverse the former one.

Mr. BURCHARD. Have these entries any connection with the account of \$100,000?

Mr. MERRILL. No, sir; they could not have any connection with it.

Mr. BURCHARD. Who made these entries about which you have just testified?

Mr. MERRILL. It looks to me as if they were in the handwriting of Mr. L. D. Walker; but they were made under the supervision of Mr. John Roundy.

Adjourned till 10 o'clock to-morrow.

WASHINGTON, D. C., *December 17, 1874.*

The inspection of the books and the examination of Rufus Hatch and H. E. Merrill in connection with them was resumed as follows:

Mr. WALDRON. I suggest that Mr. Hatch and Mr. Merrill take these books, and trace out the item of \$650,000, which is charged to Harriot & Noyes on 24th May, 1872, and ascertain whether that was finally merged in the settlement made by Mr. Stockwell with the company.

Mr. HATCH. That will require four or five or six accounts to be thoroughly analyzed.

Mr. MERRILL. And then I doubt whether it would be satisfactory; because, when these loans to brokers were returned, they were returned in odd amounts and at various times; and, at the times they were returned, it was not specified on account of what loan they were returned.

Mr. WOOD. But you can find the aggregates.

Mr. MERRILL. Yes; we can give the aggregates.

Mr. WALDRON. Here, for instance, was a charge to Harriot & Noyes on 24th May, 1872, of \$650,000.

Mr. MERRILL. Yes, sir.

Mr. WALDRON. And there was a credit made to some other broker intermediately before it went into Mr. Stockwell's account; but it was finally balanced by a charge to Mr. Stockwell.

Mr. MERRILL. That remains to be seen by going through the books.

Mr. HATCH. To do that correctly and satisfactorily, it will be necessary, in my opinion, to have the man who made these entries. Some of

these entries do not explain themselves, and Mr. Merrill and I cannot explain them. But the man who made the entries might be able to explain them.

Mr. WALDRON. On the 24th of May there was a charge of \$650,000 to Harriott & Noyes. A few days after that there was a credit to Harriott & Noyes of \$622,000, nearly balancing the charge; and on that same day there was a charge of a similar amount to some other broker.

Mr. MERRILL. Yes; to F. C. Markham.

Mr. WALDRON. Then, if Markham was credited with that amount on some other day, you can find to whom a like charge was made on that day, and thus follow it right through.

Mr. BURCHARD, (to Mr. Merrill.) State what the books indicate in reference to the payment of that loan by Harriott & Noyes.

Mr. MERRILL. In reference to the loan of \$650,000 to Harriott & Noyes on 24th May, 1872, the books show that of that loan they returned \$500,000 on September 7, 1872; and that on September 7, 1872, there was a check drawn to the order of A. B. Stockwell for \$500,000, and charged to Eldridge & Irwin, agents. That would indicate that it was a portion of the \$650,000.

Mr. BURCHARD. Was there any payment made prior to that on account of that loan?

Mr. MERRILL. No, sir; I have not been able to find any.

Mr. BURCHARD, (to Mr. Hatch.) Will you produce the check of September 7, 1872, numbered 3023?

[Mr. Hatch produced the check, of which the following is a copy:]

PACIFIC MAIL STEAMSHIP COMPANY,
New York, September 7, 1872.

\$500,000.

National Bank of Commerce, in New York, pay to the order of A. B. Stockwell, Esq., five hundred thousand dollars.

F. W. G. BELLOWS,
Vice-Prest.

HENRY SMITH, *Treasr.*
No. 3023.

Certified by the teller, S. Newman, for \$500,000.

Indorsed:

Stamped, 47, for deposit to the credit of—
Indorsed:

A. B. STOCKWELL.

HARRIOT & NOYES.

Mr. BURCHARD. Explain to the committee the transaction as it appears to you from the books.

Mr. HATCH. As our books show, a check was drawn by the company to the order of A. B. Stockwell for \$500,000, on the 7th of September, 1872, and was charged to Eldridge & Irwin, agents. That check was indorsed by A. B. Stockwell and deposited to the credit of Harriott & Noyes. On the same day it appears that Harriott & Noyes paid the company \$500,000 on account of the loan of 24th May.

Mr. BURCHARD. Did they pay it with that check?

Mr. HATCH. Evidently not, because this check is stamped, "For deposit to the credit of," and indorsed by Harriott & Noyes, in their own handwriting; so that they must have paid the company that \$500,000 with their own check.

Mr. WALDRON. Was the effect of that transfer to change the indebtedness that was standing against Harriott & Noyes, and put it to the account of Eldridge & Irwin, agents?

Mr. HATCH. Yes, sir.

Mr. WALDRON. To whom was charged the check of \$500,000 which was issued to A. B. Stockwell?

Mr. HATCH. To Eldridge & Irwin, agents.

Mr. WALDRON. Then, was not the result this, that Eldridge & Irwin were made to appear debtors to the Pacific Mail Steamship Company to the amount of \$500,000, which passed to the credit of Harriott & Noyes?

Mr. HATCH. The books show that. The polite way of putting it is, that Harriott & Noyes paid off \$500,000 of their indebtedness, and that A. B. Stockwell furnished the money to do it with, and that the money was charged to Eldridge & Irwin.

Mr. MERRILL. And perhaps Eldridge & Irwin never knew anything about that amount being charged to them.

Mr. WALDRON. How did Eldridge & Irwin settle their accounts with the company?

Mr. MERRILL. That's a running account. The agents at San Francisco have been changed since these entries on our books, and the balance of the account is carried forward from one agent to the other. The accounts at the office in New York never can show the same balance on the same day, as the agency-accounts in San Francisco do; because in New York these accounts are always a month behind.

Mr. HATCH. My impression is that Eldridge & Irwin never have settled their accounts with the company, as they stand on our books here. They may have settled them with the agency in San Francisco.

Mr. WALDRON. Is there an item on your books showing a sum of \$5,000 paid for legislative expenses?

Mr. MERRILL. We came across such an amount paid by the San Francisco agency to H. McAlister.

Mr. WALDRON. Is there any voucher on file in the office of your company showing the items of that expenditure?

Mr. MERRILL. There probably is a voucher of some kind in the office in New York. I have never seen it myself. We always get vouchers with accounts.

[Mr. Hatch and Mr. Merrill were requested to produce the voucher referred to.]

Mr. HATCH presented the check-book of the Pacific Mail Company, from the stubs of which the following memorandums are copied:

Margin memorandums.

Check No. 2360, charge Eldredge & Irwin, agents.....	\$5,000
Check No. 2361, charge Eldredge & Irwin, agents	10,000
Check No. 2362, charge Eldredge & Irwin	10,000
Check No. 2363, charge Eldredge & Irwin.....	25,000
Check No. 2364, charge Eldredge & Irwin	50,000
Check No. 2365, loan to Harriott & Noyes	650,000
All entries headed A. B. Stockwell.	

By Mr. KASSON:

Q. Are all these transferred to the ledger?—A. Yes, sir; corresponding entries on journal, page 197.

NOTE.—Erasure and substitution, journal, date May 24, page 197. L. D. Walker, book-keeper, made these entries. John Roundy, accountant. Entries in journal made by John Roundy; transcribed in journal by L. D. Walker.

May 15, 1872. Page 197, journal, check to Charles Abert, chargeable to Eldredge & Irwin, for \$50,000.

WASHINGTON, D. C., *December 18, 1874.*

THEODORE T. JOHNSON, secretary of Pacific Mail Steamship Company, sworn and examined.

By the CHAIRMAN :

Question. What is your business ?—A. I am secretary of the Pacific Mail Steamship Company, and have been in that service since the 13th of September, 1860. I was purveyor for sixteen months first, and afterward I became secretary.

Q. What book have you there before you ?—A. A check-book ; the stubs of the check-book of May, 1872.

Q. Have you it open at Nos. 2360 to 2365, inclusive ?—A. Yes, sir.

Q. In whose handwriting are the stubs filled out ?—A. In mine.

Q. I have the same numbers here on certain checks, and I desire to ask you if the corresponding number on the check is not printed on the blank checks ?—A. Yes, sir ; it should be printed on the check.

Q. I observe that these numbers on these checks are all in red ink and in writing ?—A. Yes, sir.

Q. Where are the corresponding numbers on the checks in print ?—A. Those checks were destroyed.

Q. Then the checks originally drawn answering to these numbers are not these checks ?—A. No, sir.

Q. That is the reason why No. 2361 seems to have been at the bottom of the book instead of at the top ?—A. Those were loose checks that are had in sheets.

Q. Where are the stubs of these checks ?—A. They had no stubs ; they were in sheets.

Q. The checks originally drawn were checks corresponding to these numbers on these stubs, were they ?—A. They were ; those checks have been destroyed.

Q. Do you know the amounts of each one of the checks that were destroyed ?—A. The same as those—the same dates, same numbers, and same amounts.

Q. If they differed in any respect, state what the difference was.—A. I was ordered to draw them out first to the order of A. B. Stockwell. I was ordered by Mr. Bellows, the vice-president of the company, and they were so drawn.

Q. What was done with those checks after they were drawn—were they delivered to anybody ?—A. They were delivered to Mr. Bellows.

Q. Give the history of them.—A. They were delivered to Mr. Bellows, who carried them to the president's room. He returned with them in a few minutes or in a short time, and stated that they were to be drawn to the order of Richard B. Irwin ; that these checks were to be destroyed, and other checks of the same numbers, dates, and amounts were to be drawn to the order of Mr. Irwin. I accordingly drew them—took the loose checks that were in sheets, got the numbers, and numbered and dated them the same as the original checks and for the same amounts, and made them to the order of Richard B. Irwin.

Q. Was the president in the president's room ?—A. He was.

Q. Was the entry upon those stubs, when the checks were originally drawn, precisely as it is now ?—A. No, sir ; it was put down in pencil, "A. B. S.," to await orders as to how the stubs should be written up. I asked Mr. Bellows about it when the checks were issued, the last series, and I was informed that I would be instructed how to write up the stubs in a day or two, and I think the next day, though I cannot be

positive about that, I was instructed to write them up as you find them here.

Q. Was that after they had been delivered to Mr. Irwin?—A. I presume so; I don't know.

Q. Did you see them delivered to Mr. Irwin?—A. I did not. I never saw the checks until now, after I delivered them to Mr. Bellows; that is, these checks.

Q. Did you see Mr. Irwin after they were originally drawn payable to Mr. Stockwell's order?—A. No, sir; not at all.

Q. When did you next see him, if at all?—A. It was after bank-hours when I drew these checks, perhaps about four o'clock in the afternoon, or half past three, and it was understood that he was going to leave that afternoon, or the following day, for San Francisco, where he occupied the position of the company's agent. I am not positive whether I saw him the next day, but I am inclined to think that he was in the office the next day, though I am not certain.

Q. Did you hear anybody give him a reason why the checks were changed in form?—A. I did not.

Q. Did he, to your knowledge, ask anybody to let him see how the stubs were written up?—A. Not to my recollection. I have no recollection of his asking me.

Q. Were you and Bellows together with him at any time?—A. We might have been, the following day. He was in the office the next day, I think.

Q. Did you see any other checks destroyed besides the ones that belonged to these stubs?—A. None others. I destroyed those myself.

Q. Are there any stubs of checks that were signed by Mr. Stockwell in his private capacity in this book?—A. No; he never signed the company's checks, that I am aware of.

Q. He never used the company's checks for his own purpose; is that what you mean?—A. Yes, sir; he never did, that I am aware of.

Q. If there were any checks which, though in form private checks, were in reality for the company's business, would they be upon that book?—A. Yes, sir; all the company's checks would be on these books.

Q. Understand my question: If he should draw his own private check for any business of the company, would that check be upon that book?—A. No, sir.

Q. Although it might be for the company's business?—A. Although it might be for the company's business.

Q. We should be obliged to look elsewhere for such a check?—A. Yes, sir.

Q. Are there any erasures upon those stubs?—A. There appears to be one upon the first one.

Q. Is that your work?—A. I think it is.

Q. Can you explain it?—A. Yes, sir; my recollection is that I was given a memorandum of these checks upon a piece of paper, and that in filling up the checks rapidly, I filled the first check in for \$10,000, when I should have begun with \$5,000, because that was the memorandum given to me. That is my recollection of how that occurred.

Q. Is there any other erasure?—A. No, sir. I think that was put in as ten at first and changed to five; or it might have been put in as one hundred and changed to five; I am not certain which, but that is the way in which the erasure arose.

Q. Is this entry of these stubs, "A. B. Stockwell, president, charge Eldridge and Irwin," the form of the entries throughout the book?—A. No, sir.

Q. I do not mean to ask, are the words the same; but is it the same style of entries throughout the book?—A. The words should conform to the account in which the item should be entered in the books.

Q. Will you translate that stub?—A. When I drew these checks to the order of Richard B. Irwin, I then said to Mr. Bellows, "I must make the margin to conform." He said, "Mr. Stockwell will inform you in a day or two what to make the margin," and when I got that information I wrote the margin as it is.

Q. Translate that stub; what is the English of it?—A. The English of it is that the checks were drawn for the amounts stated, by order of the president, to be charged to Eldridge and Irwin, agents of the company in San Francisco.

Q. What is the English of stub 2266?—A. That is an account on the ledger called "outfits and supplies," to which account is charged all merchandise purchased for the use of steamers; and the names "Brinckhoff, Turner, and Polhamus" are the names of the persons to whom I drew that check; "sail-duck" means that it was for sail-duck.

Q. Take stub 2265.—A. That is the same form precisely; that is not my writing; that means that the steamship "Rising Star" was charged on that day \$62.14, paid to the Sweitzer Patent Bolt Company for bolts.

Q. 2268.—A. That is a check issued and charged to "outfits and supplies," part of it, and the rest of it to the steamship "Henry Chauncey."

Q. All through the book, until you come to these stubs, is it not the rule that the first entry upon the stub is the account to which the check is to be charged?—A. It is, sir.

Q. And the purpose for which it is drawn follows the name of the person to whom it is charged?—A. Yes, sir.

Q. Now on the stubs of these six checks do you find the same order observed?—A. The same order.

Q. Is that [indicating stub] charged to the person whose name appears first?—A. It was charged to the person whose name was filled in to the original checks, "A. B. Stockwell," president.

Q. Is it charged to him in the books?—A. No, sir.

Q. Why didn't you follow precisely the same form in this case that was followed elsewhere in the book, and put first the name of the person or persons to whom it was to be charged?—A. Because I was instructed to make that entry in that way.

Q. Then that is a departure from the usual mode of business?—A. Yes, sir.

Q. After leaving these six checks did you follow that new plan, or did you change back to the old method?—A. I changed back to the old method.

Q. Are these six checks the only ones that are entered on this new plan?—A. The only ones that I know of.

Q. You observe in large figures the number 21 on some of these checks?—A. Yes, sir.

Q. What does that mean?—A. I do not know; I presume it is a bank or a clearing-house stamp.

Q. Do you presume that it is the number of the bank in the clearing-house?—A. It is probably the bank-stamp.

Q. On these two checks, Nos. 2360 and 2361, which are indorsed "For deposit, Richard B. Irwin," you do not find it?—A. No, sir.

Q. Are you familiar with the book in which these are charged?—A. I am not.

By Mr. KASSON:

Q. At the time you made out the checks, or at any other time, was it stated to you by an officer of the company what the object of this disbursement was?—A. It was not.

Q. That fact did not come to your knowledge through your connection with the company?—A. No, sir.

Q. Have you examined to see whether these checks were charged up in the cash-book?—A. I have not examined for that purpose.

Q. What book is this?—A. That is cash-book No. 12, for the year 1872; it is open before me at the month of May, and at the date May 24th.

Q. State whether you see an entry there having any relation to these checks?—A. I do not; I see an entry of the several amounts of these checks.

Q. But charged against no account and no person named?—A. No, sir.

Q. And no indication whatever, except the mere figures of the amounts?—A. No, sir.

Q. What book is this?—A. That is the journal for May, 1872, on page 197 of which I find charges for May 24th.

Q. Do you see any entries upon that page of that book having any relation to these checks?—A. Yes, sir: \$5,000, \$10,000, \$10,000, \$25,000, \$50,000, \$650,000, amounting in all to \$750,000.

Q. What name is in the margin?—A. "Eldridge and Irwin, agents."

Q. State whether the names "Eldridge and Irwin" were the original names entered, except in the last charge of \$650,000?—A. The last charge is to "Harriott and Noyes, May 24th, \$650,000;" the others are to "Eldridge and Irwin, agents."

Q. Were the names "Eldridge and Irwin" the original names entered there?—A. I don't know, sir; there appears to have been an erasure.

Q. Look particularly and see whether you can say positively that there has been an erasure.—A. There has been an erasure.

Q. Tell me if you know what was the original name entered there.—A. I do not know.

Q. By whom were those entries made?—A. I think these entries are in the handwriting of Leonard D. Walker, then assistant book-keeper of the company.

Q. Please look at that erasure against the light, and see if you can recognize any letters that indicate the original name entered there.—A. I cannot.

Q. Are there any other entries on those books in respect to these checks of which you have any knowledge?—A. There are none of which I have any knowledge.

Q. By whom were the entries made on the cash-book where only the figures appear and no names?—A. By Mr. John Roundy, the accountant of the company at that time.

Q. You mentioned the names of Harriott and Noyes, against whom the entry of \$650,000 is made in the journal; did they have any connection with the business of the company?—A. They were brokers, to whom the company at various times made loans.

Q. Are they still in business in New York?—A. I understand they are.

Q. State the circumstances under which a check charged to the order of R. B. Irwin and indorsed by him could be charged against the firm of Harriott & Noyes.—A. By the orders of A. B. Stockwell, president of the company.

Q. What mode of business of the company, so far as you know, would have justified an entry of that sort—a payment being made to one party and charged to another not appearing in the transaction?—A. No mode, sir.

Q. No explanation has been made to you of the reason for charging that to Harriott & Noyes?—A. No explanation.

Q. Have you any knowledge of a transaction between the company and Harriott & Noyes at that time involving any such amount?—A. There were many transactions continually between the company and Harriott & Noyes or between Mr. Stockwell and them—loans made to them at different times—but I am not conversant with any other loan of that amount.

Q. Did the company, as a company, have business relations with them as brokers, or was it only officers of the company that had such relations with them?—A. The company, as a company.

Q. What did they do for the company?—A. The company, having a surplus of funds, made them loans when they applied to them, and they put up collateral, stock, and securities from time to time.

Q. In such cases they afterward returned the loans?—A. They afterward returned the loans and we returned the securities.

Q. Is there any entry upon the book of such a sum returned by Harriott & Noyes?—A. There is not.

Q. Have you any knowledge of any collaterals deposited by them at that time representing any such amount?—A. Of my own knowledge I have not.

Q. You did not see any collaterals representing this amount at the time the check was issued?—A. I did not, because the vice-president, Mr. Bellows, received and took care of the collaterals.

Q. Look again at the journal, page 197, and see whether there have been erasures in the column of figures.—A. There have been two.

Q. State what they are.—A. The footing of the first five checks now stands \$100,000, covering an erasure. The other single check for \$650,000 is extended into the second column, covering an erasure.

Q. Does that indicate that the entire six checks were originally carried out in one sum of \$750,000, and afterward separated?—A. I think it does.

Q. So that the result is that the entry to Harriott & Noyes, under date of May 24, is carried out separately, and all the others entered against Eldridge and Irwin, agents, are carried out in a total?—A. Yes, sir.

Q. Can you judge from the appearance of the ink whether the entry against Harriott & Noyes was made at the same time that the entries preceding and following it were made?—A. It is a very delicate matter to judge of, but the ink in the second entry above "Eldridge and Irwin, agents," appears to be blacker; but there is almost no difference that I can see.

Q. What do these figures preceding the names of the persons charged refer to?—A. The folio of the account in the ledger, to which the item is debited from this journal.

Q. [Ledger F of the books of the company here exhibited to the witness.] Please state if you see an entry on this ledger relating to either of these checks, and, if so, on what page.—A. On page 81 of the ledger I see an entry to Harriott & Noyes, taken from page 197 of the journal, debiting them \$650,000, under the head of "loan-account." The date in the ledger is the 31st of May.

Q. Turn now to page 207 of the ledger, and state whether you find on

that page any entry corresponding with charges made in the journal of the company to Eldridge and Irwin, agents.—A. I find on the 24th of May \$100,000; it is from page 197 of the journal.

Q. Is anything further charged against Eldridge and Irwin, agents, representing either of those entries in the journal to which you have referred?—A. No, sir; I find nothing.

Q. The date of the charge against Eldridge and Irwin given in the ledger is May 24?—A. Yes, sir.

Q. The date of the charge against Harriott & Noyes is May 31?—A. Yes; both appearing in the journal under date May 24.

By the CHAIRMAN:

Q. Do the books disclose whether Harriott & Noyes's account is closed or not?—A. They should disclose it. If the account is closed, there should be a credit opposite the amount debited.

Q. Will that book show it?—A. It should show it.

Q. Turn to the account and see whether it is closed or not.—A. There is no corresponding credit.

Q. So Harriott & Noyes stand to-day charged with that amount?—A. They do.

Q. They are debtors for that amount?—A. They are.

Q. The books of the company show that check to be a loan to Harriott & Noyes, which is still unpaid?—A. Yes, sir.

Q. What claim have the company then upon Mr. Irwin for it—I mean according to forms?—A. I think the company have no claim on Mr. Irwin, sir.

Q. How is it that Eldridge and Irwin's account is not closed?—A. We have traced it so far: on this page (Ledger F, folio 207) there is a balance of \$138,629. That is correctly carried forward to Ledger G; there is a balance to the debit of that account of \$606,565.27. The agency was closed at that time, and a new agency opened, and of course the balance to their debit was carried into the account of the succeeding agency of S. K. Holman & Co.

Q. The account against Eldridge and Irwin was closed by carrying the balance against them into the account of their successors, S. K. Holman & Co.?—A. Yes, sir.

Q. And the account itself was balanced in that way, as against Eldridge and Irwin, agents?—A. Yes, sir.

Q. Turn to S. K. Holman & Co.'s account, and see how it stands.—A. The same amount is debited there to S. K. Holman, agent.

Q. Have S. K. Holman & Co., agents, settled for it and balanced their books?—A. It is carried forward to Ledger H, folio 91.

Q. What does that stamp upon those two checks, numbers 2360 and 2361, indicate?—A. It indicates that those checks were deposited in the American Exchange Bank by Richard B. Irwin.

Q. There is no such stamp upon those other four, is there?—A. No, sir.

Q. Then the books of the American Exchange Bank would show to whose credit those two checks passed?—A. They should do so.

Q. If No. 21 is the number of the American Exchange Bank in the clearing-house association, and that number is stamped upon those other four checks, that would show, would it not, to whose credit in the American Exchange Bank those checks were put?—A. Yes, sir.

Q. Then, if those marks stamped upon the checks are correctly interpreted, the accounts of the American Exchange Bank would show to whose credit those checks were placed?—A. Yes, sir.

Q. If this \$650,000 check was an actual loan to Harriott & Noyes, it would appear upon the books of the American Exchange Bank to their credit?—A. Yes, sir; and with their indorsement upon it.

Q. The fact then that it does not have their indorsement upon it, goes to show that they did not have the avails of it?—A. It does.

Q. And the books of the American Exchange Bank will verify that fact?—A. They should.

Q. How often do the by-laws of the company require the agency of San Francisco to render accounts?—A. At the close of every month.

Q. Did the agents conform to the by-laws in that respect?—A. They did, always.

Q. What was the course of business upon their rendering the account?—A. They rendered their accounts for the whole month, with all the vouchers, every voucher signed by the agent, and a general account. That account was taken up by the company's accountant, analyzed, examined, and entered into the company's books; except such items as were on both sides the same, like a receipt from a purser or a draft, which were not necessarily entered in our books at all, because the transaction was closed; but all unclosed transactions were entered in the company's books. That is the course of business from month to month.

Q. Suppose there is any item in the account about which the company is not satisfied, what is the course of business?—A. The course is for the accountant of the company to write a letter stating the items and asking for an explanation.

Q. And the account is kept open until the explanation is satisfactory?—A. Yes, sir.

Q. How long were Eldridge and Irwin the agents of this company after the 24th of May, 1872?—A. Until the 31st of December following.

Q. At the end of each one of the subsequent months they rendered their account, did they?—A. They did.

Q. Do you know whether any item in any of those accounts was the occasion of any correspondence between them and the company?—A. Not to my knowledge.

Q. Have you any knowledge of any open account between the company and them as to any item of their account when they left the company's service on the 31st of December, 1872?—A. Only that item.

Q. Was that item a matter of correspondence?—A. Never to my knowledge.

Q. What I ask is, was there any item which, to your knowledge, was an open question between them?—A. No, sir.

Q. When they left the company's service was there any action of the company in reference to the character of their transactions and of their service; any commendation or disapproval of their service as agents?—A. There was no official commendation.

Q. Was there any by the president or any other officer of the company?—A. Not to my recollection.

Q. Is there an executive committee of the board of directors?—A. There is.

Q. Do they keep minutes of their proceedings?—A. They do; and their minutes form part of the minutes of the board.

Q. Who is the clerk of the executive committee?—A. I am the secretary.

Q. Have you those minutes?—A. I have not the minutes here, because the board of directors meet two or three times a week, and they are liable to call for them at any moment; but I have an attested copy.

Q. Are the doings of the executive committee of the board of directors brought before the full board of directors and ratified, or otherwise?—
A. They are; always at the first meeting of the board succeeding the meeting of the executive committee. The proceedings of the executive committee are submitted to the board and approved and ratified and adopted as the proceedings of the board.

Q. And there is a record of such action?—A. There is.

Q. Please refer to your copy of the minutes and state whether there was any action of the executive committee touching any expenditures for procuring the subsidy here in Washington?—A. Yes, sir.

Q. Please read what that action was.—A. (Reading.) "Fourteenth February, 1872. *Resolved*, That the president, in his discretion, is hereby authorized to employ counsel and incur such other necessary expense as may be necessary in connection with the measures for additional subsidy now pending before Congress."

Q. That was the action of the executive committee on the 14th of February, 1872?—A. Yes, sir.

Q. What, if anything, was done at the next meeting of the directors?—
A. On the 21st of February, 1872, the minutes of the meeting of the executive committee on the 14th were unanimously approved, ratified, and adopted as the proceedings of the board of directors.

Q. Who were the executive committee?—A. The executive committee consisted of five members: Mr. Masterton, Mr. Stockwell, Mr. Smith, Mr. O. P. C. Billings, and Mr. Lockwood. They were all present at that meeting, except Mr. Lockwood.

Q. At that time, who were the directors of the company?—A. The directors of the company were Mr. A. B. Stockwell, Mr. James D. Smith, Mr. H. H. Baxter, Mr. O. P. C. Billings, Mr. Alexander Masterton, Mr. Henry Clews, Mr. George L. Kingsland, Mr. R. G. Rollston, and Mr. C. J. Osborn. There were present at the meeting on the 21st of February all the members of the board except the three last named. Mr. Bellows was at that time vice-president of the company.

Q. If this \$650,000 check was passed to the credit of Mr. Irwin at the American Exchange Bank, and by him checked out, there would be no reason for entering it in the account of Harriott & Noyes?—A. Not unless Harriott & Noyes gave their check for the amount of the money.

Q. But this is a check payable to the order of Irwin. If he took it to the American Exchange Bank, where it was payable, passed it to his own credit, and himself checked it out, why should Harriott & Noyes have anything to do with it?—A. They should not have.

By Mr. BURCHARD:

Q. State what you find on the stub of the check-book under date May 9, 1871, check No. 2252, drawn to the order of R. C. Parsons.—A. "To pay a draft through Jay Cooke & Co., \$2,000." That is not in my writing; it is in the handwriting of a clerk in the office, named Charles Wyman.

Q. To whose account is that charged?—A. It is charged to the account of A. B. Stockwell.

Q. Turn to Mr. Stockwell's account, Ledger F, page 81, and see if you find it entered.—A. I find an entry in the loan-account charged to A. B. Stockwell, Pr., (which stands for president,) \$2,000, dated on two days, apparently, the 9th and the 13th. I find an entry here in the cash, under the head of "loan-account," a debit on the 31st of May to A. B. Stockwell \$23,481.52; that being, I presume, the amount of all the items of every kind during the month.

Q. Do I understand you that you find no entry in the cash-book of

the \$750,000 included in these checks?—A. Nothing except the entry in the cash-book of the amounts on the same date; no names.

Q. On the check-book, on the 11th of May, on the stub, I find a memorandum which please read.—A. "No. 2273, 11 May, 1872. Eldridge & Irwin, order of P. M. S. S. Co."

Q. What is the meaning of that?—A. That should be charged to Eldridge & Irwin's account, according to that stub.

Q. Was it an order drawn by them upon the Pacific Mail Steamship Company?—A. I don't recollect that, but it is apparently a check drawn to the order of the Pacific Mail Steamship Company.

Q. I find a draft or a check, "A. B. Stockwell, loan, special, \$20,000;" do you know in whose handwriting that is?—A. That is in my writing.

Q. Will you explain what is meant by "special"?—A. I can only state that I was ordered to enter it as special; for what purpose I don't know.

Q. What entry was made in the cash-book; to whose account was it charged?—A. It was entered in the cash-book "A. B. Stockwell, loan, \$20,000."

Q. [Exhibiting a book to witness.] Does this check correspond with the stub for the check of \$500,000 on the 7th of September, which you have spoken of?—A. I have not spoken of that check.

By Mr. KELLEY:

Q. Did Mr. Stockwell use the checks or funds of the company without accounting therefor at any time?—A. Yes, sir.

Q. Did that frequently occur?—A. Not to my knowledge.

Q. On what occasions did you know him to so use the funds?—A. On one occasion only, when he ordered me to draw those checks to the order of Richard B. Irwin, amounting to \$750,000.

Q. That was the only occasion on which you ever knew him to use the funds of the company for his own use without accounting for them?—A. I do not say that was for his own use; I say without accounting for it; I don't recollect any other occasion.

Q. You were present at the meeting at which the resolution was adopted, authorizing the president to employ counsel and incur such other expenditures as might be found necessary in Washington; was there any statement made on that occasion?—A. Yes, sir; there was a general statement by the members of the committee and the board; Mr. Stockwell was asked the question: "What do you consider necessary expenses?" "Well," said he, "five, six, seven, or ten thousand dollars;" that I recollect was the utmost sum that Mr. Stockwell mentioned as the probable expenditure arising out of the bill.

Q. Did he state what the character of the expenditures was likely to be?—A. The expenditures were to be for getting statistics from San Francisco and from all the ports of Japan, China, and India, tabulating them, having them printed for the information of Congress, sending a person here in charge of them, and keeping the public press informed in regard to the increased trade and commerce with those countries. In general terms, that is my recollection of what would constitute the expenses.

Q. Did any other member of the board indicate a necessity for a larger sum of money?—A. No, sir.

Q. Was it at the meeting of the executive committee or at the meeting of the board that approved the action of the executive committee that that statement was made?—A. At the meeting of the board which approved the action of the executive committee. At that time I was

not the secretary of the executive committee; Mr. O. P. C. Billings was; he was one of the directors.

Q. Was there ever any report made to the board of the amount of money expended in that way?—A. No report was ever made to the board as to the expenditure of money, and, moreover, no report was ever made to the board of the appointment of the counsel which that resolution provides for. That resolution does not provide for the appointment of any agent; it provides only for the appointment of a counsel. The company's counsel at that time in Washington was Mr. Charles Abert. Mr. Stockwell never reported to the board the appointment of Mr. Irwin to act as agent for the company, and it never came up in the board officially.

Q. I understood you to say that the greater part of that \$650,000 was repaid.—A. It does not appear to the credit on the ledger, where it should appear.

Q. Look at this check, No. 3023, for \$500,000, dated September 7, 1872, and indorsed by Harriott & Noyes.—A. That check is drawn to the order of A. B. Stockwell; consequently it should be debited in the loan-account to A. B. Stockwell. It would appear by that that A. B. Stockwell was indebted to Harriott & Noyes \$500,000, and that he paid it by the company's check, (perhaps by an exchange of checks, I don't know,) and that Harriott & Noyes returned it to the company to be credited to their loan-amount.

Q. How is it charged and credited in the book?—A. It is entered on the stub to Eldridge and Irwin, agents.

Q. See if it is charged to them and credited.—A. Yes, sir; it has been charged and credited.

Q. Having thoroughly examined the books, please give us the plain English of that transaction.—A. I cannot give you the plain English of what I don't know.

Q. Can you understand the books sufficiently to determine where that \$500,000 went? What is the proper interpretation of the entries you find there in those books? Can you tell whether that money went to the account of the company or to the account of Stockwell; what use was made of it; I do not mean from your personal knowledge; I ask for the conclusion which you, as an accountant, have come to from such information as you have derived from the books.—A. I cannot see but it balances the account. It balances the account of Harriott & Noyes. It appears to be charged to the account of Eldridge and Irwin to balance their account. I only see these items now for the first time. I have not charge of the books in any way or shape, though I am an accountant.

Q. Does it appear to you, then, from the books, that it was a return to the funds of the company of any part of that \$650,000?—A. Well, it was not an uncommon thing to exchange checks for the same amounts. Mr. Stockwell, in his various operations, would order a check to be issued for so much money, and would hand us another check for the same amount; that was in his transactions in the street, which I did not understand. It was not an uncommon thing at all for him to order checks to be issued in exchange for other checks. That check appears to have been issued to the order of A. B. Stockwell. Of course, if it stood in that way, it would be debited to A. B. Stockwell; but it is indorsed by A. B. Stockwell over to Harriott & Noyes, and by them indorsed back to the company. Now, if that check was received from Harriott & Noyes, then it is to the debit of Stockwell.

Mr. HATCH suggested to the witness that the indorsement, "for deposit," on this check meant for deposit in Harriott & Noyes' bank.

The WITNESS. Certainly, on its face it is a payment of \$500,000 to A. B. Stockwell.

Q. Were Stockwell and Irwin intimate in their financial transactions at that time?—A. I think they were.

Q. Exchanging checks and so on?—A. I don't know that Mr. Irwin kept any regular bank-account. I don't know whether he did, or where.

Q. I mean in general business or in any special business?—A. I am not aware of such transactions between them to my own knowledge. I can state one thing from recollection, and that is this: Mr. Irwin informed me that Stockwell had offered him a call on thirteen thousand shares of Pacific Mail, and that he had refused it. I have forgotten the prices at which the offer was made; but he said he had refused it. That is the only transaction between them of any nature or kind that I know of.

Q. Did their kindly relations continue uninterrupted?—A. I do not know.

Q. Recurring to my first question: Do you know of Mr. Stockwell taking stock or bonds belonging to the company, selling them, and using the funds in stock speculations?—A. I do not know of his taking stocks or bonds and selling them, and using the funds in stock speculations; but I know of his having received bonds of the company to be used as collateral security.

Q. In his own personal transactions?—A. In what he claimed to be the company's transaction, and what was admitted to be the company's transaction.

Q. Not for his own personal transactions?—A. Not that I am aware of.

By Mr. WALDRON:

Q. Who was counsel for your company in Washington in May, 1872?—A. Charles Abert.

Q. Turn, in the check-book, to date May 15, 1872: to whom was the first check on that day issued, according to the stub?—A. "Check 2302, May 15, to Charles Abert. Charge Eldridge and Irwin \$50,000."

Q. What is the interpretation of that stub?—A. I don't know; it is in my writing, but I don't know the interpretation of it; it was written according to orders.

Q. That check for \$50,000 was drawn by you?—A. The stub is written by me, and I presume the check was.

Q. Have you any recollection by whose direction you drew that check?—A. By direction of A. B. Stockwell.

Q. What do you understand by the reading of that stub; for whose benefit was that check issued?—A. It was drawn to the order of Charles Abert; that is all the knowledge I have about it.

Q. To whom was it charged?—A. It was charged to Eldridge and Irwin, according to this stub; I have not seen the entry.

Q. Does not the stub indicate that the check was drawn to the order of Charles Abert?—A. Yes, sir.

Q. Why should \$50,000, drawn on a check to the order of Charles Abert in the city of Washington, be charged to the San Francisco agency? What connection is there between the two accounts?—A. I don't know.

Q. Is there any possible connection between the two accounts?—A. There may be; I don't know.

Q. Can you imagine or state any reason why \$50,000 on a check

drawn to the order of Charles Abert, of the city of Washington, should be charged to Eldridge and Irwin, agents, at San Francisco?—A. I cannot, sir.

Q. Has any account been rendered to the company by Charles Abert, or by Eldridge and Irwin, agents, covering the amount of \$50,000 included in that check?—A. Not to my knowledge.

Q. Were there any accounts ever rendered by Mr. Abert, as counsel for the company, containing the items of his expenditures in connection with his position as counsel?—A. There were sundry items for years—not large amounts—at various times for services rendered to the company in Washington; services of various kinds; claims on the Departments, for instance, for the collection of which he charged a small commission; and if there were any expenditures in any way, he charged the expenses.

Q. Was any account ever rendered by him of an amount equal to that check?—A. Not to my knowledge.

Q. In May, 1872, were all checks drawn to the order of Mr. Stockwell alone, or did the executive committee exercise any authority over the drawing of the checks?—A. None that I know of.

Q. You were entirely under the control of Mr. Stockwell so far as the drawing of checks was concerned?—A. Yes, sir.

By Mr. FOSTER:

Q. What were those \$2,000 paid to Mr. Parsons for?—A. I don't know, sir. The first time I ever saw it was to-day.

Q. Was there no account rendered by Mr. Parsons?—A. I don't know of any.

Q. Was he the attorney of the company?—A. Not that I know of.

Q. Did he ever render any account to the company for services?—A. None that I ever saw.

Q. You don't know of him then as the attorney of the company?—A. Not to my knowledge. I have heard that he had personal relations with Mr. Stockwell, but I don't know it. I don't even know Mr. Parsons.

By the CHAIRMAN:

Q. Do you know whether Eldridge and Irwin ever had any notice that any of these checks were charged to them?—A. They never had any notice from the company that I know of. As to whether they knew it or not I cannot testify; other witnesses may.

By Mr. WALDRON:

Q. Is Mr. Abert still counsel for the company?—A. No, sir.

Q. Where does he reside now?—A. I think in Georgetown, in the District of Columbia; he has a residence in Washington.

By the CHAIRMAN:

Q. Have you counsel here in Washington now?—A. We have no regular counsel; we have an agent to attend to any details of business, Mr. William P. Tisdale, not a counsel.

Q. How long has he been here?—A. I should think about a year attending to business.

By Mr. NIBLACK:

Q. Where is Mr. Stockwell now?—A. I don't know, sir; I wish I did know.

Q. Is his place of residence a secret, so far as you know?—A. No,

sir; not at all, so far as I know. I hear he is in Europe. I know he has large interests in Europe. He has a factory in Glasgow and a business in London.

Q. How long has he been absent from the country?—A. I don't know.

Q. It was stated by other witnesses that he ceased to be president of the company in May, 1873.—A. Yes, sir; he was president eighteen months.

Q. We were also informed, I believe, that he was largely indebted to the company when he ceased to be president, and I suppose that the company would feel an interest in keeping the run of him as well as possible?—A. Yes, sir.

By the CHAIRMAN:

Q. Is it a matter of doubt whether he is in the country?—A. I think not, sir. I have heard from every one who is acquainted with him that he is in Europe.

The WITNESS. I would like to qualify my testimony in one respect, as to our having now an agent in Washington. The gentleman is a clerk of the company that we send in any direction where we need his services—Central America, Mexico, California—and if we have any business in Washington we send him here.

Q. He is not consecrated to this Washington business?—A. No, sir.

By Mr. FOSTER:

Q. Do you know anything about a bill having been presented by a Mr. Corwine, of Washington, for legal services?—A. I know that Mr. Corwine wrote a letter making a claim against the company, and I know that claim was rejected. The company never employed him in any shape whatever, and I may be allowed to state that we have never employed Mr. Richard B. Irwin. A. B. Stockwell employed him. The Pacific Mail Steamship Company never employed him. That resolution that has been read here is the only resolution that has ever been adopted.

By the CHAIRMAN:

Q. Authorizing the employment of some person?—A. Of counsel, sir. Mr. Irwin is not a lawyer. I have always looked upon Mr. Irwin as an employé of A. B. Stockwell, personally, not of A. B. Stockwell, president.

WASHINGTON, D. C., *December* 18, 1

F. W. G. BELLOWS sworn and examined.

By the CHAIRMAN:

Question. State your connection, if any, with the Pacific Mail Steamship Company now and during the time of this application for the subsidy.—Answer. I am not connected with the company at this time. My connection ceased in June, 1873, I think. My position before that was vice-president of the company, and I was chosen a director in May, 1872, and continued a director until the following May.

Q. You were vice-president of the company pending the application at Washington for a subsidy?—A. I was.

Q. Do you recollect the occasion of the draft by Mr. Johnson of the six checks which have been presented here?—A. Yes, sir.

Q. State all that transpired at that time.—A. Mr. Stockwell called me into his office and gave me a memorandum that he wanted those checks drawn, giving the amounts, and told me to direct the treasurer to have them drawn. I took them to him with the memorandum, telling him what Mr. Stockwell's orders were. The checks were drawn and brought to me by Mr. Johnson for signature, and I signed them. I am not sure whether I carried them to the president or returned them to Mr. Johnson, but at any rate they went to the president and then were brought back as having been erroneously drawn, and others, to the order of R. B. Irwin, were drawn in their places.

Q. Was it your business or that of the president usually to sign checks?—A. Both; but Mr. Stockwell rarely signed any checks or certificates or letters or anything. He requested me to sign them.

Q. How soon after they were drawn did you take them to Mr. Irwin?—A. Immediately, if I took them. I am not sure whether I took them myself or not.

Q. After taking them to Mr. Stockwell, you returned the checks to Mr. Johnson, to be drawn in a different form?—A. I do not recollect whether I brought them back to Mr. Johnson to be corrected, or whether Mr. Irwin brought them back.

Q. What was your next connection with the checks, if anything, after they were drawn payable to the order of Mr. Irwin?—A. I cannot state positively whether I handed them to Mr. Stockwell or Mr. Irwin.

Q. Do you know whether they were handed to anybody before the next day?—A. Yes, sir; my impression is that Mr. Irwin took them that afternoon.

Q. Did anything pass between you and Irwin at that time or any subsequent time, as to the form of the checks?—A. I have no recollection of anything.

Q. At any time did Irwin ask to see the stub-book?—A. Not of my knowledge.

Q. Do you remember of any private individual checks of Mr. Stockwell in the hands of Irwin?—A. He had some checks which were returned. Whether they were Mr. Stockwell's private checks or the company's checks to the order of Stockwell, I do not recollect.

Q. At what time did he return those checks? At the time these were given?—A. No, sir; I think it was before.

Q. How long before?—A. I am unable to state, because they were not returned to me; they were returned to Mr. Stockwell; but I should think it was a month or six weeks before.

Q. How came you to know they were returned to Mr. Stockwell?—A. He told me so.

Q. You have no personal knowledge of their being returned to him?—A. It is so long ago that I am not clear in my recollection as to it. I may have seen them in his hands, but I do not recollect.

Q. Can you state the size of the checks?—A. The checks which I refer to amounted to about \$400,000 or \$500,000; not all in one check.

Q. Do you know whether any other checks were given for them?—A. I do not know.

Q. Were those checks sent here to Washington?—A. I think they were.

Q. Did they come back from Washington?—A. I am unable to say whether they came back.

Q. If they were sent to Mr. Irwin here at Washington there was some letter accompanying them, I suppose?—A. Undoubtedly.

Q. Have you any letter-books which will disclose that fact?—A. There are the company's letter-books.

Q. Have you any recollection of writing any letter inclosing Mr. Stockwell's private checks to Mr. Irwin here at Washington?—A. No, sir, I have not; but I have a letter-book, and if I did write such a letter it is in that book.

Q. Do you recollect any correspondence between Mr. Irwin, while here at Washington, and Mr. Stockwell, either official or private, in respect to any checks previous to that of the 24th of May?—A. There was a private letter, which Mr. Stockwell had from Mr. Irwin. I do not recollect when it was.

Q. Was there any indication that the checks were not in amount what was agreed upon?—A. Yes, sir; I think he stated that they were not drawn for the amount which he expected.

Q. The purport of the letter was that they were not drawn according to the understanding?—A. I do not know the reason given. I think they were asked for by letter.

Q. Were those exchanged for other checks on the receipt of this letter from Mr. Irwin?—A. They were not sent back at that time.

Q. At any time?—A. I do not know, sir.

Q. Then you do remember a correspondence between Mr. Irwin, at Washington, and Mr. Stockwell, concerning certain checks which Mr. Irwin had received from Mr. Stockwell, complaining that they were not what he expected?—A. I would not say that it was in the form of a complaint, but saying that they were not what he had asked for.

Q. You say you think those checks may have amounted to \$500,000?—A. I think the amount was \$400,000, and that the amount asked for was \$500,000.

Q. Was there any check among them for \$110,000?—A. I do not remember the amounts.

Q. Do you remember anything about a check for \$110,000 being returned and a portion of it remitted in cash, and the balance in another check?—A. No, sir. I think that \$50,000 check you inquire about was drawn to Mr. Abert.

Q. You think the \$50,000 was what is represented by the Abert check?—A. Yes, sir.

Q. Then the Abert check would show by its date about when this conversation took place?—A. No, sir, not necessarily; because we may have held it for some time. It would show about the time of the return of the checks, but not the time when they were sent originally.

Q. Do you remember any one giving a reason to Mr. Irwin why these checks were changed, that it was because Mr. Stockwell was out of town and could not indorse them?—A. No, sir; I do not.

Q. Do you remember through what bank they got cashed?—A. No, sir. I only know where Mr. Irwin kept his bank-account. It was at the American Exchange Bank.

Q. Were there any directions given you by Mr. Stockwell, when he ordered you to draw those checks, to have any of them charged differently from the rest?—A. No, sir; not at that time.

Q. He gave you a memorandum of so many checks to be drawn, and you first had them all drawn to his order, all alike; and they were taken in to him, and he directed that all of them should be made payable to the order of Richard B. Irwin?—A. Yes, sir.

Q. And all of those six checks were drawn at that time with no directions from Mr. Stockwell as to any of them being charged differently from what would appear on the paper?—A. No, sir; no directions at that time.

Q. When first, if at all, did Mr. Stockwell give any directions that any of them should be charged differently from what appeared on the face of the paper?—A. Soon after. The treasurer *pro tempore* said that it was within two days; and I know it was within a very short time.

Q. Do you recollect telling Mr. Johnson, when he drew the checks, that Mr. Stockwell would in a few days tell him how to write up the stubs?—A. I think I do.

Q. Mr. Stockwell gave you no intimation as to how the stubs should be written up when he directed you to have the checks drawn?—A. No, sir.

Q. And you think it was several days after that that he did give directions?—A. It was within a few days.

Q. When the checks left the possession of the company, the stubs contained nothing but a memorandum in pencil, A. B. S.?—A. I cannot say, because I did not see them.

Q. But there were no directions from him that they should be charged otherwise than their face would indicate?—A. No, sir.

Q. Have you anything to do with the examination of the accounts of the San Francisco agency?—A. No, sir.

Q. Whose business was it to examine them?—A. The accountant's.

Q. Have you any knowledge of any open question in the accounts of the San Francisco agency at the close of Eldridge & Irwin's services as agents?—A. I think the objection was made by Mr. Irwin that there was \$500,000 charged to the agency.

Q. What \$500,000?—A. The check of September 7 for \$500,000.

Q. You think there was an objection made on his part to that?—A. Yes, sir.

Q. Was it the subject of correspondence?—A. Not that I am aware of.

Q. To whom was the objection made?—A. I do not know that it was made to anybody other than Mr. Stockwell.

Q. In your hearing?—A. No, sir.

Q. You understand that it was made between him and Mr. Stockwell, but you do not know of your own knowledge?—A. Not of my own knowledge.

Q. You understand that there was some question about the propriety of that check of September 7, but of your own knowledge you know nothing on that subject?—A. No, sir.

Q. Was there any other item in that account, when they left the service of the company as agents, which you know was left an open question?—A. There was nothing that was left open. There were some charges which the company objected to, but nothing that was open.

Q. Anything in reference to those matters?—A. No, sir; other matters; fire-extinguishers.

Q. Nothing except that matter of fire-extinguishers?—A. No, sir.

Q. That was a transaction in Chicago?—A. No, sir; in San Francisco; they were sent from Chicago.

Q. Do you confirm Mr. Johnson's statement that the mode of transacting business with that agency was as he had stated it?—A. Yes, sir; exactly.

Q. At the time that Eldridge and Irwin went out of the service of the company as agents, their debit was charged over to their successors?—A. They were carried to balance the account, and the amount of the balance was debited to their successors.

Q. What is the interpretation of that?—A. That there were unsettled accounts between the agency and the home-office.

Q. Why should these unsettled accounts between Eldridge and Irwin

and the home-office be charged to their successor?—A. For him to balance. They would naturally be so charged in the course of business.

Q. That balance covered in amount this \$500,000 item?—A. Yes, sir.

Q. And the fire-extinguishers?—A. No, sir; they were not paid for.

Q. There was an account of \$29,000 with vouchers, which was discussed?—A. That was not until afterward. There was such a voucher.

Q. What did the voucher relate to?—A. It covered sundry expenses in Washington, &c., for a term of months. It was signed by Mr. Irwin.

By Mr. KASSON:

Q. It covered several months?—A. I think so. It was for various expenditures. I do not recollect the months it covered.

Q. [Paper shown to witness.] Please state if this is the voucher you refer to.—A. I think it is the one.

[Voucher read as follows:]

\$29,053.46.

SAN FRANCISCO, November 30, 1872.

Cashier Pacific Mail Steamship Company pay to ———, or bearer, twenty-nine thousand and fifty-three forty-six one-hundredths dollars, and charge to account of Pacific Mail Steamship Company, for sundry payments on account expenses Washington, elections, &c., 1871 and 1873.

ELDRIDGE & IRWIN, Agents.

Q. State if there is a pencil-memorandum on this voucher, showing what was done with it.—A. Yes, sir; there is a memorandum on the margin of the receipt in pencil, "Charge to profit and loss." I do not know in whose handwriting that is.

Q. There were no details as to those items other than such as appear on that voucher?—A. None that I am aware of.

Q. That appears on the books of the company?—A. It appears in the San Francisco agency account as a debit to the home-office. I do not know how it is entered on the books of the company. I have not seen the entry.

Q. This, in addition to the six checks, embraces all the items that, so far as you know, have been in any way suspended in the accounts between the San Francisco agency and the company?—A. That check and the check for \$500,000 are all that I have any knowledge of being disputed.

Q. You were a director of the company in May, 1872?—A. The last Wednesday in May was the day of the election.

Q. Were you present at the meeting of the board of directors when they ratified the order of the executive committee for the employment of counsel at Washington?—A. No, sir; the dates are wrongly stated. That was in February, 1872, and it was ratified immediately after. I was not chosen to the board until the following May.

Q. Had you any connection with the company before?—A. Yes, sir; I was vice-president, but not a member of the board.

Q. Were you present at the time of that ratification?—A. No, sir; I was not.

Q. Have you any knowledge from the president, or from any officer of the company, of the object of this alleged disbursement at Washington?—A. No, sir.

Q. You have no knowledge from Irwin of what disbursements were made here?—A. I have not.

Q. Do you know yourself whether the company had a counsel at Washington during the first few months of the year 1872?—A. Mr. Abert was the gentleman employed for various business, making collections, &c., and obtaining information which was wanted from time to

time. I never regarded him as the counsel of the company; but he was the man that was always employed.

Q. He was paid by a salary?—A. No, sir.

Q. His accounts were returned for services, and when approved paid?—A. Yes, sir; he received a commission on the drafts which he collected. That was his compensation, except sometimes when we would send to him to obtain information from the different Departments and he would charge us a small fee, \$50 or \$100; but he would render his account always.

Q. Was he the only agent known to you as representing the company at Washington except Irwin?—A. Yes, sir.

Q. Was it understood in the board or by the officers of the company that Mr. Irwin specially represented the company in Washington in connection with the subsidy?—A. Yes, sir; I do not know as it was understood by the board, but—

Q. Did you, as an officer of the company, understand that fact in May?—A. I did.

Q. Did you see any correspondence between Irwin and any officer of the company pending that agency?—A. I saw two or three letters to Mr. Stockwell, which he handed me to read. The correspondence, I think, was between Mr. Irwin and Mr. Stockwell, and was private, not official. I did not see all the letters.

Q. From that correspondence can you state whether the president of the company, Mr. Stockwell, was informed of the amount of the disbursements made, or required to be made, in connection with that matter?—A. No; as I have stated in reply to a question of the chairman of the committee in respect to those checks which were sent.

Q. You know of no other information in respect to those disbursements?—A. No, sir.

Q. Either as to the object of them or the amount of them?—A. No, sir.

By Mr. WALDRON:

Q. Do you know anything of the circumstances which attended the drawing of that check for \$50,000, on the 15th May, to the order of Charles Abert?—A. I think that Mr. Abert came to New York and that check was given to him there. I think it was the time that the chairman refers to when one of those checks was returned and this was given in place of it.

Q. From your familiarity with the business of the company, can you give us any reason why a \$50,000 check given to Mr. Abert, who was then a resident of the city and your counsel here, should be charged to the San Francisco agency?—A. That check and some other smaller checks, which were sent or given to Mr. Irwin, were charged to this agency, as Mr. Irwin was the agent at San Francisco; and until he had finished this business, they were charged to the San Francisco agency.

Q. Is that the only reason you can assign why that charge was made?—A. Yes, sir.

Q. Do you regard that as a reasonable excuse for making the charge in that way?—A. No, sir.

Q. Then the charge, under the circumstances, does not strike you as a proper one to be made on the books?—A. No, sir.

Q. Has the attention of your company ever been called to that item heretofore?—A. I do not know, sir, since I left the employ of the company.

Q. During your connection with the company, was any explanation ever demanded with reference to that charge?—A. Not that I recollect.

Q. Has any account ever been rendered by Mr. Abert to cover that \$50,000?—A. Not that I am aware of.

By Mr. NIBLACK:

Q. Was Mr. Irwin present at the time those checks were first issued to Mr. Stockwell and returned by him, and others issued in their place, payable to Mr. Irwin?—A. Do you mean the ones that the chairman first asked me about?

Q. Yes.—A. No, sir; I think they were sent by letter.

Q. I inferred, from something you said, that Mr. Irwin was in the office at the time?—A. No, sir; I referred to the last ones which were drawn in May.

Q. I mean those six checks?—A. O, yes; he was then in New York.

Q. They were first issued by Mr. Stockwell, and then afterward, by his request, they were canceled, and others issued to Mr. Irwin?—A. Yes, sir; Mr. Irwin was in the office then.

Q. He was in the office then in consultation with Mr. Stockwell?—A. I cannot say that he was in consultation, but he was there.

By Mr. KELLEY:

Q. Are you aware of Mr. Stockwell's ever having taken the stocks or bonds of the company and sold or hypothecated them to his own use?—A. No, sir; he took some stocks, but there was a question about it. He claimed they were for the use of the company.

Q. What were the circumstances attending that transaction?—A. The circumstances were that the company had twenty-six thousand and some odd hundred shares of their own stock, worth, at par, \$2,600,000. The board of directors gave Mr. Stockwell authority to sell that stock at not less than par, and he commenced to sell the stock. There was a sale of 15,000 shares. There were 26,666 shares altogether, and the whole amount of money for the 26,666 shares was paid to the company. The money was paid in as the stock was delivered. Some time after Mr. Stockwell claimed that 12,000 shares, or nearly 12,000, (I speak in round numbers,) had not been sold; he had expected to sell it, and he took the Panama stock to margin that stock; it seems he was carrying it on a loan.

Q. What was the Panama stock?—A. The company's assets; stock which the company owned.

Q. What amount of this stock did he take?—A. 9,500 shares, worth at par \$950,000.

Q. Did the company admit that the transaction was in that form and settle with him on that basis?—A. They settled with him, but they did not admit it. They settled with him and he secured the company. They would not admit that it was not a sale, because he had reported to the board that it was a sale, and they had got the money.

Q. He not only reported the sale to the board but he returned the funds, did he not?—A. Yes, sir.

Q. Do you know of his having used the checks or funds of the company without accounting therefor?—A. I do not.

Q. Or in violation of the by-laws?—A. No, except in making expenditures of over five thousand dollars without the authority of the executive committee or the board.

Q. Then there was a regulation prohibiting the president from making an expenditure of over that sum?—A. Yes, sir; unless authorized by the board.

Q. Well, in view of that fact, how did you gentlemen come to give him checks for \$650,000?—A. I suppose he had authority for that by the resolution.

Q. The resolution authorizing him to employ counsel?—A. Yes, sir.

Q. You were a director of the company?—A. Not until May following.

Q. Were you present at the meeting of the executive committee, or at the meeting of the board, at which the question of meeting those necessary expenses were discussed?—A. No, sir.

Q. Were you or were you not aware of the fact that Mr. Stockwell had proposed at the time of the preliminary arrangement for these checks, amounting to \$650,000, to use for these expenses five, six, seven, or at most ten thousand dollars?—A. No, sir; I never heard any sum mentioned.

By the CHAIRMAN:

Q. I did not quite understand your answer in reference to the \$50,000 check to Mr. Abert. What explanation did you give of the fact that a check to Abert's order was charged to the San Francisco agency?—A. Because the money which had been given or sent to Mr. Irwin was charged to that agency, he being the agent of the company at San Francisco.

Q. Mr. Irwin was at the time in Washington?—A. Yes, sir.

Q. Mr. Abert was at the time in New York?—A. Yes, sir.

Q. And the check was given to him in person?—A. Yes, sir.

Q. Mr. Abert was your attorney?—A. I do not think he was considered the attorney of the company, but he was employed by the company, as I have stated.

Q. Then when you were employing Mr. Abert here in Washington, why did you charge the money you gave to him to the San Francisco agency?—A. I suppose the fact was that Mr. Abert came for that money and took it back to Mr. Irwin.

Q. To be used in the San Francisco agency?—A. No, sir.

Q. To be used in what?—A. I do not know in what he used it.

Q. I did not ask you that. I asked you if you supposed that he took it back to be used in the business of the San Francisco agency?—A. No, sir; I did not.

Q. Did you not suppose that he took it to be used in some way here in procuring the subsidy?—A. Yes, sir; I did.

Q. Didn't you understand that whatever was expended here for that purpose was for the time being to be charged to the San Francisco agency?—A. Yes, sir.

Q. And this check, being as you supposed a part of that, was on that account charged to the San Francisco agency?—A. Yes, sir.

Q. Therefore whatever was to be expended here, it was understood in the beginning was to be charged to the San Francisco agency?—A. I do not know that it was so from the beginning, but I understood it so afterward.

Q. Do you understand that whatever was expended here in procuring the subsidy was charged to the San Francisco agency?—A. I think the most of it was.

Q. Do you know of any item of it which was not?—A. I do not call to mind any at the moment.

Mr. BURCHARD called the attention of Mr. Johnson to a check to pay a draft of R. C. Parsons, \$2,000; was that charged to the San Francisco agency?—A. I think not.

Q. Did you understand that that was used here?—A. I do not know anything about that, excepting the fact of its being paid.

Q. To whose account was that charged?—A. I heard Mr. Johnson read it—charged to the account of A. B. Stockwell, president, I think. I never saw the charge.

Q. The claim of Mr. Corwine, you say, has never been paid?—A. Not to my knowledge.

Q. Are there any other items of payments on account of being at Washington on the book to your knowledge?—A. I cannot say without going over the books, but I think not.

Q. So far as you know, whatever was expended in procuring the subsidy here is found in the account of the San Francisco agency somewhere?—A. No, sir.

Q. Then do you know of anything, which was expended here in behalf of the subsidy, which is not in the San Francisco agency account?—A. I think there were some expenses charged to profit and loss.

Q. How much in amount?—A. I cannot say. I suppose \$50,000 or \$60,000.

Q. Then in addition to what was expended here in procuring the subsidy, and is in the account of the San Francisco agency, there is about \$50,000 or \$60,000 also in the profit and loss account?—A. Yes, sir.

Q. If you saw the profit and loss account could you turn to those items?—A. I do not know whether I could or not. I might. I find one item "January 29, 1872, profit and loss, R. B. Irwin, Washington, expenses \$25,000." I find another item; I do not know whether it applies to this or not, but I presume it does. It is a charge to "Mr. Stockwell loan, special, February 14, 1872, \$40,000."

Q. Have you any personal knowledge of the expenditure of those items?—A. No, sir.

By Mr. KELLEY:

Q. Did you receive any vouchers for those two items to which you have just referred?—A. No, sir.

Q. Were any vouchers of any kind presented?—A. No, sir.

Q. The items were passed on the mere credit of Mr. Stockwell, the president?—A. They were drawn by the order of Mr. Stockwell, the president.

Q. When you testified that those large sums of which you spoke, charged to the San Francisco agency, were expended here, you meant to say simply that they were intended to be expended here?—A. I did not mean to be understood as expressing any opinion as to where they were expended, for I do not know.

By the CHAIRMAN:

Q. Only you understood that to be the case?—A. No, sir; they were paid to Mr. Irwin. I did not know what was to be done with them.

By Mr. KELLEY:

Q. I understood you to say that it was your belief or supposition that they were for use here, though charged to the San Francisco agency?—A. If you understood me so, I did not mean so to state. I was referring to those items in the profit and loss account.

Q. But in your testimony some time since, in answer to Mr. Dawes, who put the question, why these amounts were charged to the San Francisco agency if they were to come here to Washington, I under-

stood you to make that statement.—A. It was after the act had passed Congress. It was in May when those large checks were drawn, and I had no knowledge what was done with them. So you misunderstood me in reference to them.

Q. You knew they were coming here, however?—A. No; I did not.

By Mr. BURCHARD:

Q. What did your answer refer to, the whole \$750,000, or the \$25,000?—

A. My answer referred to those two checks which were charged in the profit and loss account.

WASHINGTON, D. C., *December* 18, 1874.

GEORGE S. SCOTT sworn and examined.

By Mr. KASSON:

Question. State what relation, if any, you have held to the Pacific Mail Steamship Company, and during what period.—Answer. I have been a director of the company since May, 1873, and was elected vice-president last May, which office I now hold.

Q. Prior to May, 1873, you had no connection with the company?—A. None whatever.

Q. You had no knowledge of its affairs during May, 1872?—A. None whatever.

Q. Have you been in Europe during the past year?—A. I have been in Europe during the past seven months.

Q. Did you, while in Europe, meet Mr. Richard B. Irwin?—A. I did, sir.

Q. Did you have correspondence with any officer of the company in New York, while you were in Europe, touching the affairs of the steamship-company?—A. Well, hardly on the question of the affairs of the company. I had a correspondence with an officer of the company in reference to the suit which they had brought against Mr. Irwin, but I do not think any question as to the business of the company came into it.

Q. Do you know for what sums or what account that suit was brought?—A. I did not know anything about the suit until I was informed of it by Mr. Irwin.

Q. Do you understand the suits to be for the sums alleged to have been expended in Washington?—A. Only from the case which the company made and swore to; that was the only information I had on the subject.

Q. You had a conversation in Europe with Mr. Irwin touching that suit?—A. I had.

Q. Did you derive information from Mr. Irwin in respect to the disbursements made by him or by the company in Washington?—A. None, whatever, sir. I declined entering at all on that subject.

Q. Didn't he tell you what the company was suing him for?—A. He did.

Q. What did he tell you they were suing him for?—A. Seven hundred and fifty thousand dollars, if I recollect the sum correctly.

Q. Did he state further what that \$750,000 was—what was involved in the expenditure of that sum—or any of the points involved in it?—A. None whatever, that I am aware of.

Q. Didn't he state to you what points of defense he had to that suit?—

A. Only generally; only his general line of defense, which he told me of, and which I candidly and cordially approved of.

Q. I do not want to ask you anything that he said about that suit, or about his personal relations with the company independent of the object of the alleged disbursement of that sum of money. If that statement which he made to you about his defense involved any statement respecting the disbursement of the sum sued for, then it connects itself with this investigation, and we will ask you to state it.—A. It did not, except by implication. The very fact of the company bringing a suit against him for a sum of money of this kind would indicate that the belief was that the money had been used by him improperly, or had been expended by him improperly, and only so far as that construction could be placed upon his conversation was there anything in it relating to his relations with this business.

Q. That does relate to the point. He stated to you that that money had been honestly expended by him, did he not?—A. I don't think he said anything directly bearing upon how it was expended.

Q. You say he told you his defense and you thoroughly approved of it?—A. Yes, sir; when I say his defense, I mean as between himself and the company. I should be glad to state what I refer to, if you will permit me to do so. Mr. Irwin, when he came to see me in Paris, informed me that this suit had been commenced against him, and showed me the bill of particulars, or whatever it might be termed, that the company had furnished him with. In connection with the statement which he then made to me, he first said that he had been in New York, had seen the officers of the company, and had had a full and, as he supposed, frank conversation with them upon this subject, and that they had not indicated to him that they were going to trouble him, but had afterward brought this suit. He naturally felt very sore upon the subject, and stated to me that he thought that it was very wrong to make him liable for the acts of his superior officer, in which I fully agreed with him. He stated to me that he had volunteered to furnish the board of the Pacific Mail Steamship Company with every information in his possession as to the disbursement of this money, and he repeated the offer to me, as he had done upon a previous occasion. I told him if that was the case, and he was ready to state to the company how it had been expended, and by whose orders it had been expended, I would be responsible that the board should appoint a committee that would be acceptable to him to meet with him after he returned to America, and hear what he had to say, and if his statement was correct that he was not responsible to the company for this expenditure, or, rather, that he had made the expenditure under the order of his superior officer, I believed that the board would not pursue him, but would look to the party who was liable for the expenditure. Accordingly, on my return to America, I called the attention of the board at its first meeting, which was held a week ago yesterday, to the statement that Mr. Irwin had made to me, and his offer to make this frank and free statement of the matter, and requested the board to appoint a committee, of which I, as mover of the resolution, would probably have been chairman, but of which I declined being a member, in consequence of my having had this interview with Mr. Irwin, and because I did not wish to have it supposed that I favored him in any way. The committee was appointed, consisting of Mr. Guion, Mr. Talcott, and Mr. Park, and Mr. Irwin was notified of it by the secretary, I believe, on Friday last. These are the circumstances connected with my interviews with Mr. Irwin.

Q. Did he state under what officer of the company his action had been taken?—A. Yes, sir; he always frankly spoke of Mr. Stockwell in connection with it.

Q. But you state now that he did not tell you the parties to whom the money was disbursed, or the objects for which it was disbursed?—A. No, sir; that was a subject that I never would discuss with Mr. Irwin, or with anybody; nor do I suppose that he wished to discuss it with me. It would have been eminently improper.

By the CHAIRMAN:

Q. Why would not you discuss with him, or with anybody else, the question, what that large sum of money had been disbursed for?—A. For two reasons, Mr. Chairman: in the first place, the company had then brought a suit against Mr. Irwin, and I was a party to that suit; that is, I was simply an officer of the company abroad; I had no official connection with the matter.

Q. That would be a reason, perhaps, for not discussing it with him, but you said you would not discuss it with him or anybody else.—A. I mean anybody else who had been a party to this disbursement.

Q. Why would not you discuss it with any person who had been a party to the disbursement of the money?—A. To be very frank, I did not want to know anything about it, as these charges were brought against the officers of the company—as it was charged that bribery had taken place; I did not want to know it; I was not a party to it, and I did not want to know it.

Q. Was the reason that you did not want to discuss the matter with anybody because you had some suspicion about it?—A. I would rather you would not ask me that question.

Q. Well, I take it back; but it was a fact that you would not discuss the matter with anybody?—A. I always declined to do so.

By Mr. KASSON:

Q. Have you had any conversation with Mr. Stockwell on the subject?—A. I have, sir; in Europe.

Q. Did you learn from Mr. Stockwell, who was the president of the company at the time of the procurement of the subsidy, any fact connected with the means by which the subsidy was obtained?—A. None whatever, sir. Mr. Stockwell, upon one or two occasions, has discussed the claims that the company had against him; said that he did not know about it; that this matter was charged in and out of the books of the company, and God only knew where it went to, for he didn't.

Q. In his conversation, did he profess to be ignorant of the manner in which the charges were made in the books?—A. That was a point that we never discussed further than the remark that I have stated.

Q. But in that remark you spoke of charges. I supposed you referred to charges in the books?—A. No, sir; it was simply in relation to a settlement of his made with the company, arising from his misappropriation of some \$1,000,000 of their securities; that subject has frequently been referred to by him and myself in conversation.

Q. Has not the subject of this subsidy been frequently mentioned?—A. No, sir; it has been carefully avoided.

Q. Nothing has been said to you by Mr. Stockwell in respect to the obtaining of the subsidy?—A. Nothing at all.

Q. Nothing has been said to you by him respecting his appearance or non-appearance before this committee in the winter of 1873?—A. Nothing at all.

Q. When seen, where did you last see Mr. Stockwell?—A. I saw him in London in the month of November last.

Q. What was the condition of his health?—A. Very good, I thought.

Q. How long has he been there?—A. I think he went last April.

Q. As far as you are concerned, you know nothing of the books or otherwise touching the disbursements made, or alleged to have been made, at Washington for the procurement of the subsidy?—A. Of my own knowledge I know nothing about it at all.

By Mr. KELLEY :

Q. You spoke of a misappropriation of the property of the company by Stockwell to the amount of a million dollars or more. What did you refer to?—A. I referred to the fact that he received from the treasurer of the company and its secretary upward of nine thousand shares of very valuable stock, which the company held as part of their assets—Panama Railroad stock it was. It would appear that these gentlemen, custodians of the property of this company, not only gave Mr. Stockwell, whenever he demanded them, any of its assets that he wanted, but gave him also all the money that he required for his own purposes. As the evidence presented before your committee shows, it was only necessary for him to demand from them the issuance of \$600,000 or \$700,000 of their money in checks, and it was done, without any questions being asked on their part how that money was to be applied. That was done in contravention of the by-laws and the charter of the company, I believe, and in contravention of the known usage of the company, the rule being that no officer has a right to expend over \$5,000 of the money of the company without the explicit consent and approval of the board. There can be but one construction put on the part of these gentlemen—but one explanation of it—that Mr. Stockwell, an exceedingly arrogant man, would have dismissed them instantaneously from their positions if they had questioned his acts for a moment.

By the CHAIRMAN :

Q. If the board of directors expressly authorized Mr. Stockwell to expend, in his discretion, any amount of money, in what he deemed to be necessary expenses here at Washington, would not he be authorized to call for those checks?—A. I don't see anything in this resolution that could possibly excuse an officer of our company in furnishing a check or checks for any such amount.

Q. Does not your answer to my question depend upon the fact that you cannot see any necessity for such an expenditure?—A. No, sir. It is very clear what is meant by the "necessary expenses" mentioned there; it certainly does not mean bribery. The authority to employ a counsel and the "necessary expenses" are connected too closely for anybody to suppose that the board meant to give him a right to expend an unlimited amount of money here or anywhere else.

Q. I only wanted to call your attention to that view of it.—A. I cannot take that view of it.

By Mr. KELLEY :

Q. Go on with what you were stating about the 9,000 shares.—A. In addition to those large sums of money that were furnished to Mr. Stockwell on his demand, this enormous sum of money, amounting to nearly or quite a million of dollars, was also furnished to him by the officers of the company. The pretext that he set up, that the Pacific Mail Steamship Company were engaged in a stock-jobbing speculation, was too ridiculous to be sustained by him when he came to meet the board and make a settlement, and the settlement was made by his giving to the old administration, (not this one,) to this very board under whose acts and by whose authority he pretends to have spent all this money, a

mortgage on his property, and notes, amounting, I think, to about \$11,000. Some one or two of those notes were paid, and the balance went to protest; and then this administration of the board, finding that the mortgage was worthless, or nearly so, its validity in law being questioned, made a compromise which realized to the company about \$480,000; so that the company really lost by this transaction of Stockwell's between \$350,000 and \$400,000, I should think, over and above the amount they realized from the compromise and the notes that he paid.

Q. Mr. Stockwell was a very large stock-operator at that time?—A. An enormous operator; probably the largest in New York; and his losses were said to be enormous.

By the CHAIRMAN:

Q. Do you know Harriott & Noyes?—A. Yes, sir; they were one of his principal brokers.

Q. Are they now in New York?—A. They are, sir; they are a very responsible and respectable house.

By Mr. KELLEY:

Q. They are gentlemen who deal for others, and not on their own account?—A. Yes, sir; brokers altogether.

By Mr. NIBLACK:

Q. I understand that the accounts between Mr. Stockwell and the company were closed up by that compromise.—A. No, sir; we do not admit that at all.

Q. You claim to have further demands against him?—A. The position that I take—I can only speak for myself—is that this very large sum of money, which is unaccounted for on the books of the company, Mr. Stockwell is liable to the company for; and not only that, but anything else that we can find against him.

Q. I infer from what you say about the impropriety of his issuing checks, &c., without authority, that these large loans were in violation of his duty and his powers as president.—A. Well, hardly. It was the duty of the treasurer to see that if those loans were made there was proper security furnished; and I do not know that he was going beyond his authority in making those loans when the company had money on hand.

Q. If by the by-laws and usage of the company neither the president nor any officer can spend more than \$5,000 at a time, he would not be authorized to make such loans, I suppose. Would not that be expenditure?—A. No, sir; not at all. That has been the habit of the company for a great many years: when they make a loan of one, two, three, or four hundred thousand dollars, collaterals to the amount of the loan and 20 per cent. additional are always pledged in the hands of the company for the money.

Q. Is that a custom or a law?—A. It is a custom which is law in Wall street.

WASHINGTON, *December 18, 1874.*

JAMES D. SMITH sworn and examined.

By Mr. KASSON:

Question. State your connection with the Pacific Mail Steamship Company, and the dates covering the period during which you have been con-

nected with it.—Answer. I was elected, on the 16th of November, 1871, as a director, and have since been a director of the company up to the present time, and am now.

Q. You were connected with the company, then, during all of 1872?—A. Yes, sir.

Q. Were you present in New York and usually attending the meetings of the board pending the question of obtaining additional subsidies from Congress?—A. I was generally present.

Q. Were you present at a meeting of the board when the question of the action of the executive committee was up, in respect to authorizing some disbursements through an agent in Washington?—A. I think I was.

Q. State what took place at that meeting.—A. The minutes of the executive committee were read before the board, and were adopted and confirmed as the action of the board.

Q. Including that minute which you read here this morning?—A. Yes, sir.

Q. Was there any statement made to the board as to what disbursements were intended to be provided for under that resolution?—A. Yes, sir.

Q. Please repeat them.—A. It was stated first before the executive committee; I was a member of the executive committee and was present at that meeting. Mr. Stockwell stated in executive committee that we had a mail-contract measure pending before Congress, and that we should have to have some resolution passed which would enable the company to meet such legitimate expenses as we should have to bear, and Mr. Billings, who was also a member of the committee, (now Alderman Billings of New York,) offered that resolution, which was adopted; but before it was adopted, I asked Mr. Stockwell what he meant by necessary expenses, and said that I should not be willing to have that resolution passed unless I had some limit put to the amount. He said he meant that there would be hotel expenses in Washington; perhaps lavish expenses; he could not tell; and some little entertaining, and some counsel fees, in order to get this bill in proper shape. I said, "There is a resolution that you cannot spend more than \$5,000, and if it ain't over that, you need not have the resolution passed." Well, said he, "we may spend five or six, but certainly not over ten thousand dollars." Those are the conditions on which I consented to the adoption of that resolution. These statements were made over again the subsequent week, before the resolution was approved by the board.

Q. Was there no communication made to the executive committee or the board, pending these proceedings in Washington, of the progress that was being made?—A. There never was.

Q. Was there any notice given to the committee or the board, or to any member of it, of the amounts as they afterwards appeared in checks?—A. Not to my knowledge.

Q. Was there no conversation in the meetings of the executive committee, or of the board, touching what their agent was doing?—A. No, sir; not to my knowledge.

Q. Under whose direction did you understand that all these proceedings in Washington, whatever they were, were going on?—A. Mr. A. B. Stockwell, the president, had the entire direction of the matter.

Q. After the subsidy measure passed, was no communication made to the executive committee, or the board, of the expenses which were incurred at Washington?—A. None.

Q. Either by Mr. Stockwell, or anybody else?—A. No, sir; it never

was mentioned to the board at all, and I did not hear of it at all until a good many months afterward.

Q. Did the board or the executive committee institute any inquiry into it?—A. I don't think they did; I don't recollect of the subject ever having been introduced.

Q. How long after that was it before Mr. Stockwell went out of office?—

A. He went out of office in May, 1873.

Q. You never heard of any voucher among the papers he presented to any officer of the company touching the disbursements connected with Washington?—A. I never did, sir.

Q. Was any question ever raised touching the condition of the accounts of the San Francisco agency—any question as to any considerable sum?—A. There never was.

Q. Have you examined the entries in the books relating to this question?—A. I never have; I never have looked at the books at all, excepting the books of minutes. I looked over them to see where some resolutions were passed, to see what the resolutions were, and what my action was; but they did not refer to the subject of this inquiry. I don't know of any resolution that was ever passed or offered before the board having any reference to the subsidy, except the one which has been read before this committee to-day.

By the CHAIRMAN:

Q. Didn't you ever inquire of Mr. Stockwell about the amount it cost to get the subsidy?—A. I never did.

By Mr. KELLEY:

Q. When was your attention first called to this subject of the alleged expenditure for the subsidy?—A. I cannot state exactly, but it was a good many months afterward. We were discussing with some of the large stockholders what we had better do with it, and the first I knew of it, I heard publicly on the street that there had been a large amount expended in obtaining it, and I went to look into it, and it became a question before the board that it should be looked into to see who was accountable for it. I forget the exact date, but the resolutions would show.

Q. What was the question that arose among you?—A. Well, it came out upon the street that Stockwell had in some way spent a very large amount of the company's money in obtaining this subsidy; about the date I cannot tell you. I think it was eight or nine months afterward—a good while afterward, any way.

Q. But what was the question among you; was it as to how the money had been expended, or whether so much had been expended, or what?—A. I think the first action was to refer the facts to the counsel of the company to see what we should do, to hold whoever had spent that money to a legal account, so that we should proceed in a legal, orderly, and legitimate manner.

By the CHAIRMAN:

Q. Did it afterward come before the committee appointed for that purpose?—A. My impression is that it was put in the hands of a committee. I would not be positive upon that point, but that is my impression.

By Mr. KELLEY:

Q. Then the sum total claimed to have been expended in this way was a surprise to the board of directors?—A. Utterly and entirely to

every man of them. I have talked with every one of them, and there was not a man of them that ever dreamed of it.

Mr. THEODORE T. JOHNSON again appeared before the committee and made the following statement: I desire to make a brief statement to the committee. Since the 1st of January, 1865, I have had no charge of nor access to any of the company's securities. Prior to that I had from two to four millions of dollars continually under my charge and that of the president; but since the 1st of January, 1865, I never had possession of or access to the securities of the company.

Mr. S. D. SMITH. I would like to state, on behalf of Mr. Hatch, that he was mistaken when he told the committee that I was the only member of the direction of the company in 1872 who is still a member of the board. There was one other gentleman whom he did not recollect, Mr. C. J. Coborn, who was a member of the board then and is now. He was a member up to May 29, 1872, while all these proceedings were going on.

Mr. KELLEY. When you began that examination, Mr. Smith, was it specifically an examination relating to this alleged expenditure, or relating also to such transactions as Mr. Scott spoke of—the appropriation of the Panama stock and so on?

Mr. SMITH. It was relating to the money that had been taken by somebody for some purpose, but it was not regarded as having been taken for the subsidy or used in Washington at all. It embraced the sums said to have been expended here.

The CHAIRMAN. Did it also embrace this Panama transaction?—A No, sir; it did not.

The CHAIRMAN. It was confined, then, to this \$750,000?

Mr. SMITH. Yes, sir.

Mr. RUFUS HATCH again appeared before the committee and said: Gentlemen of the committee: I am here at your request and by your order. You directed me to bring certain checks, and I have brought them. You asked me, after a public examination, at which Mr. Irwin's attorneys were present, to bring you the books and papers, and I did so. Now, as a witness that you have summoned, and as the only party here representing the Pacific Mail Steamship Company, I have to ask you that when Mr. Irwin's testimony is taken, I may have the same privilege that his attorney had, of being present at the examination, so that I may know just what his testimony is.

The CHAIRMAN. I will tell you, sir, and the whole committee, just what the purpose of this subcommittee is in regard to that. When we have got done taking the testimony of Mr. Irwin in private, we will read it here to the whole committee, and to such other gentlemen as desire to hear it, and then any member of the committee can put to the witness any questions that they desire, or any questions that are suggested by any gentleman outside. It is, of course, proper that the whole committee should have the opportunity to put any questions they please to him, after having heard the testimony, which the subcommittee has taken, read publicly here.

Adjourned until Monday, December 21.

WASHINGTON, D. C., *December* 16, 1874.

Dr. WILLIAM P. JOHNSTON came before the committee again and made the following statement as to the condition of Richard B. Irwin:

While I was here yesterday, Mr. Ordway handed me a dispatch from his assistant, stating that Mr. Irwin was much worse. On going up to his room I found that he had had a nervous chill and was very much excited; indeed, I thought, when I went into the room, that he was delirious. This condition of his seemed to have been caused by two dispatches which he had received. Supposing that they had come from Mr. Ordway, (although I afterward found that they came from his friends,) I telegraphed Mr. Ordway that no more dispatches should be sent to Mr. Irwin. In the course of the evening, however, he became very calm, and this morning I think he is decidedly better and fully able to come before the committee. He thinks so himself, but he thinks (and I believe it to be a fact) that, if he came before the committee, he would break down. He is very impressible—very easily excited. This injury that he received has unquestionably made him more so, and the moral causes have made him very impressible and excitable. If the committee would think proper to see him at his room, or to send a subcommittee to see him, and open the subject, whatever it may be, I think he will be able to stand the examination a good deal better to-morrow. If he were to come here to-day I could not guarantee that he would not break down. I think that what disturbs him more than anything else is what he calls the arrest and the contempt in which he is held. That seems to be really oppressing him more than anything else.

The CHAIRMAN. Would you advise that the committee go to his room and take his testimony?

Dr. JOHNSTON. I would, decidedly.

The CHAIRMAN. Either to-day or to-morrow?

Dr. JOHNSTON. I would prefer that the committee should go to-day. I rather think that he will be no better to-morrow or as long as this thing is hanging over him. I think he will be as fully able to make his statement to-day as he will be to-morrow.

The committee, after consultation, decided that a subcommittee should proceed to Irwin's room and take his testimony; and the chairman and Messrs. Kasson and Beck, having been appointed such subcommittee, immediately proceeded to Wormley's Hotel for that purpose, and there Mr. Irwin made the following statement:

Before the committee put any questions, I should like to make a preliminary statement, in order to purge myself of the alleged contempt. There seemed to be two grounds for my arrest by the committee—two grounds which formed, in the minds of the committee, the basis for the alleged contempt. The first was, that they had once summoned me during a prior session of Congress, and had looked for me and could not find me. Now, the first information that I received that I ever had been summoned was from reading Mr. Dawes's speech in the House the day after it was made. Until I read that I never knew that I had been summoned at all.

The CHAIRMAN. Well, it was not literally true that you had been summoned, but we had tried to find you.

Mr. IRWIN. I was at my residence in San Francisco from the 4th of June, 1872, until the 4th of September, 1873. I have lived in San Francisco since 1869, and have no other place of residence; and I was there from June, 1872, until September, 1873. I merely state that to show that by remaining at my place of residence I could not have been attempting to evade the process of the committee. On the 28th of January, 1873, I was thrown out of my carriage and seriously injured; my

skull was fractured, and a very severe concussion of the brain followed. It must have been after that that the proceedings of this committee began. I was not allowed by my physician to see the newspapers for a long time, and I was in bed for a month, and therefore I do not know the date at which this examination began or anything about it; but I do know that I was at my residence at the time, because I was there from June, 1872, until September, 1873. Then the second ground upon which the committee was induced to believe (what I could not be very easily induced to believe) that I was attempting to evade the process of the committee was the assertion of Mr. Sage that he had had me arrested, which assertion I may just as well say here was not true. Whether he knew that it was true or not I don't know, but it was not true. I never was arrested by anybody until I was arrested by the Sergeant-at-Arms under the warrant of the House, and my impression is that I never shall be arrested by anybody again. Then Mr. Sage so stated it in his testimony as to cause at least one member of the committee, Mr. Kasson, to believe that the Saturday upon which I was about to leave for Europe was in December——

Mr. KASSON. August.

Mr. IRWIN. In the debate, Mr. Kasson said, "The evidence before the committee is that after he returned from Europe he was going back on the steamer which was to sail on the following Saturday." Now, I sailed from New York for England on the 11th of October, 1873, with the full knowledge of all the officers of the Pacific Mail Steamship Company, and I returned to this country in July, 1874, and remained here, in New York and San Francisco, until the 29th of August, 1874. On Monday, the 24th of August, 1874, I went to the office of the Pacific Mail Steamship Company, and asked Mr. Sage, in the presence of numerous witnesses, including his secretary, Mr. Johnson, Mr. Rufus Hatch, the managing director, and Mr. E. B. Crowell, one of my counsel, whether he had anything against me; for if he had, I would like to explain it or to furnish any vouchers that the company wanted. It was a long interview, and I only state the essential parts of it. Mr. Sage said that he had nothing against me; that he had never said anything against me; that all the statements purporting to come from him were newspaper-rumors; and that he thought I was a very foolish man for taking any notice of what I read in the newspapers. I then said, "Mr. Sage, if you wish to find me at any time, here is my address. If the company wishes to see me, I shall be here until Saturday morning at 7 o'clock, when I sail on the *Oceanic*." Mr. Sage said, "We are extremely busy with the trial-trip of the *City of Peking* now, and we haven't time to look into the matter." Said I, "This is a matter that involves \$300,000, or \$600,000, or \$750,000, or \$1,000,000, or \$1,600,000, according to your various statements; but whatever the amount is, it seems to be of sufficient importance to suspend the presence of one or two of the officers of the company from the trial-trip of a steamer; but if it should not be, I will wait until next week." He said he would not put me to that trouble; that he should then be very busy with the meeting of the Saint Paul Railroad Company. "Very well," said I, "I will wait a month." "It isn't necessary; I don't want this matter stirred up any more." Then, said I, "Mr. Sage, let me come right to the point at once: I will stay here all the rest of my life, if the Pacific Mail Steamship Company, or any of its officers, have anything against me; but if it has not, I don't want you to go to blackguarding me in the newspapers the next Monday after I am gone." Well, they did come out in the newspapers, and did precisely what I told them they would do, and then I did what I also told them

I would do; I came back here for the purpose of destroying them—not for the purpose of destroying the company, for I have no grudge against the stockholders, and not for the purpose of destroying these men individually, but for the purpose of separating them from the Pacific Mail Steamship Company, where they were abusing their trust for the purpose of persecuting me and deceiving the stockholders; and in the two weeks I was in New York I so far succeeded that Mr. Sage is no longer president of the company, and there is virtually a new directory, and he is also out of Panama, and those two interests are now at variance. I do not refer to Messrs. Scott, Alexandre, Guion, Fogg, and Talcott, who are highly respectable gentlemen, who have never injured me, and against whom I have no enmity, but to Park, Sage, and Hatch, by whom I have been persecuted for their own ends. Then your committee was induced by Mr. Sage to believe that they did not know where I was. He also told you that Mr. George Scott, the vice-president of the company, had asked him to keep on friendly terms with Irwin for the purpose of getting out of him what became of this money. Now, I will quote what Mr. George Scott said to Mr. Sage in a letter which Mr. Sage does not know that I have seen, but I will abstain from quoting the more decided language that Mr. Scott used to me in Paris. Mr. Scott wrote to Mr. Sage, “I protest against the action of the company as unwise, as likely to result in the destruction of the company, and as an unjust persecution of an innocent man. I further insist on my right to be heard as a director and as vice-president of this company, before the company takes any further action in the matter.” I said to Mr. Scott, “I am tired of this business, this child’s play.” This was all in Paris, in the month of October, 1874. Said I, “I am tired of this child’s play; I wish you would telegraph to Mr. Sage that I sail for New York on the Adriatic on the 12th of November.” Said he, “What is that for?” I said, “I don’t want them to say that they did not know when I was going to arrive there, and that that was the reason that they could not arrest me. I want them to know all about it, and for that purpose.” He said, “I will do it.” And he went right around to the telegraph-office, wrote the telegram, showed it to me, sent it, and paid for it himself. The Adriatic was injured by the collision with the Parthia in New York, so that she could not leave Liverpool at the time appointed, and I and all the other passengers were compelled to lie over for the Celtic, which sailed on the 19th of November; of which fact I immediately notified Mr. Scott in London before he sailed. He sailed from London in the Algeria on the 21st of November, having previously requested me to call at his office, No. 36 Broad street, immediately after I arrived in New York. I arrived in New York on Monday, the 30th, and went directly to the Hoffman House, where I always stay in New York. My name was registered there and appeared in all the newspapers. I then went to my father-in-law’s place at Englewood, New Jersey, leaving my address at the Hoffman House, and remained there until Friday morning. The following Friday I again came down to New York and went to the Hoffman House again, and my name being again registered, it appeared a second time in the newspapers very publicly. For instance, one of them had it in this way: “Speaker J. G. Blaine, and R. B. Irwin, of San Francisco, are at the Hoffman House.” It is proper to say, parenthetically, that I did not see Speaker Blaine there, nor know of his being there, until after he was gone; but I merely mention that my name was announced in this way to show how public it was. Mr. Whitelaw Reid, the editor of the Tribune, and Mr. L. J. Jennings, the editor of the Times, were

personally aware of my address during almost the whole of this period. Everybody else in New York that knew me, or had any occasion to see me, knew where I was, particularly the officers of the Pacific Mail Steamship Company, with whom I had various communications after Mr. Scott's arrival, and from whom I received, just before I received the subpoena of the committee, this letter with this address:

[Mr. Irwin here exhibited an envelope addressed "Col. Richard B. Irwin, Hoffman House," and marked "Immediate;" and also the letter contained in it, which was read as follows :]

PACIFIC MAIL STEAMSHIP COMPANY,
New York, December 10, 1874.

DEAR SIR: The board of directors this day directed that the suit against you be postponed, and appointed a special committee of three to meet you and hear your statements pertaining to the questions involved. The chairman requests me to inform you that the committee will meet you upon this business at any hour of the day you may name between now and next Tuesday.

Yours, very truly,

THEODORE T. JOHNSON,
Secretary.

I received that letter late on the evening of its date, December the 10th, and the next morning I sent to Mr. Scott, the vice-president of the company, a message requesting him to call at the Hoffman House on his way down. He did so. I asked him, referring to a previous conversation, whether Trenor W. Park was still a member of the board of the Pacific Mail Steamship Company, and he said he had handed in his resignation. I said, "All right; that saves me the trouble of asking for that." I then asked him if Rufus Hatch was still managing director, and he said he was. I then said, "I believe I have heretofore remarked that I would not meet any board of which Trenor W. Park and Mr. Hatch were members; but as he will be out in about ten days, and there is no hurry about this matter, we can postpone it. So then, having been served with a subpoena of the committee, I wrote the following letter:

HOFFMAN HOUSE, *September 11, 1874.*

DEAR SIR: Your valued favor of 10th reached me at a late hour last evening and the contents have my respectful attention. Kindly say to the chairman that I trust he will not consider me discourteous in stating that other engagements beyond my control will necessarily defer my meeting the committee for a few days to come. When those engagements permit I will promptly communicate with your good self.

Meanwhile, I remain yours, respectfully,

RICHARD B. IRWIN.

THEODORE T. JOHNSON, Esq.,
Secretary P. M. S. S. Co.

Then the day before I got this, feeling that our fight with the company was substantially won, my nervous system, which up to that time had been kept up by the excitement of the occasion, broke right down. There was nothing more to keep it up. I didn't know of these proceedings in Washington, or it would probably have kept up longer, but it broke right down, and then I began to receive these telegrams and messages, which I did not understand at all, because it never occurred to me that the committee, or anybody else who knew the facts, (as I thought the committee did, though I have since learned that they did not,) would suppose for a moment that a man who had just come from Europe to meet this thing would immediately run away to dodge it; and, further, I did not think that anybody who knew me would believe that I would ever think that the world was large enough for me to run anywhere to dodge anything. I saw of the appointment of the Ways and Means Committee to investigate this matter in the papers, I think it was on Thursday morning, but there was an editorial paragraph in the

Tribune some days previously, stating that Irwin was at the Hoffman House; that if the committee wanted him they could find him there; which notice was the result of a personal interview between Mr. Whitelaw Reid and Mr. Irwin, at Mr. Reid's residence. He asked me then to come down and testify, and I said I would. He also asked me to tell him what I was going to say, but I never crossed a stream before I got to it, and I wasn't going to do it at that interview. He told me they would force me to do certain things, and I told him we had better wait until they had got to that point. Now I think I have said enough to satisfy the committee that I have made no intentional attempt to evade its summons. If I did not come immediately on receiving the first summons, it was because it did not occur to me that the committee would think I was going to run away, and knowing how many witnesses they had subpoenaed, I did not think they would need me until Tuesday, and in the meanwhile I wanted to see the officers of the Pacific Mail Steamship Company to know what their case was against me, because, although they have howled in the newspapers about me, yet whenever I have seen them they have never had anything against me. The "other engagements" that I referred to in my letter to the secretary, Mr. Johnson, was merely this engagement here, which has proved to be more pressing than at the moment I expected it would be. I will add that I have instructed Mr. Center, who is my right-hand man in this business, to take these rooms until the 4th of March. I am going to stay here until this fight is over—I am going to stay here during the war.

Mr. IRWIN was now sworn as a witness, but before any questions were put he said: I wish to make a preliminary statement. Since I came down here I have had no opportunity whatever to consult my counsel. I would not ask for an opportunity to consult my counsel on any question before the committee, were it not for the fact that there is a suit for \$750,000 pending against me in the city of New York, and I wish to have an opportunity of consulting him with special reference to that matter.

The CHAIRMAN. When we put a question that you desire to consult him about, then that point may come up.

Mr. IRWIN. I wished to say this in advance, so as to be perfectly frank with the committee. Further, I will say that I have sent to San Francisco and to New York for my different bank-accounts and papers, and as soon as they arrive here I shall be able to answer any questions of the committee, if I decide to do so, much better than I can now.

Mr. KASSON. It may be that we shall not put any questions that will conflict at all with your interests in that suit.

By the CHAIRMAN:

Question. Have you ever been in the employ of the Pacific Mail Steamship Company; if so, when did that employment commence, and when terminate?—Answer. It began in October, 1864, and terminated on the 31st of December, 1872.

Q. What was the character of that employment, in general terms?

Mr. CHAPMAN, (of counsel for Mr. Irwin.) Now, if the committee please, I object to Colonel Irwin's answering that question until he can have an opportunity of consulting with his counsel. One of the main issues in the civil suit now pending against him in the supreme court of the city of New York is as to the nature and character of his employment by that company; and further, as I understand it, a portion of his employment was in the form of a written appointment; the other portion I don't know the nature of so as to be able to state it.

The CHAIRMAN. O; I think that Mr. Irwin can trust himself to state what his employment was.

The WITNESS. I will state a portion of my employment not involving anything as to which there is any question.

Mr. BECK. Before he goes on, would it not be well for the committee to say that it is only when the witness himself feels that a question is put to him that he cannot answer that it is proper for counsel to interject objections during his examination?

Mr. KASSON. Not only that, but I suppose that in the courts of New York Mr. Irwin is subject to examination, even in a suit where he is a defendant, and therefore there is no question of law arising.

The WITNESS. I am going to be guided by Mr. Chapman's objection, so far as it goes. I was assistant accountant in the company's office in New York from the time I first entered it until the autumn of 1865, except during two months, when I was off duty; and I was assistant agent at San Francisco from the 11th of June, 1869, until the 16th of December, 1869. I was one of the agents of the company at San Francisco—a member of the firm of Eldridge & Irwin, who held the agency of the company—from the 16th of December, 1869, to the 31st of December, 1872; besides which I had another and separate employment from the company, under a special contract, during the year 1872.

Q. Were you in the employ of the company in any capacity except what you have stated, and under this special contract, during the time covered by your last answer?—A. No, sir.

Q. Have you been in the employ of the company in any capacity since that date?—A. No, sir.

Q. Will you state to the committee what was the character of your employment under this special contract?—A. Yes, sir; I was to come to Washington and get that subsidy for them.

Q. How much time did that contract cover?—A. Five months; beginning in January, 1872, and ending in May, 1872.

Q. Where was that service performed?—A. In Washington and New York.

Q. As general agent, you were a partner with Eldridge?—A. I was.

Q. All the time that you were general agent?—A. Yes, sir.

Q. What was the character of your duties as general agent?

Mr. CHAPMAN. That is in writing.

The CHAIRMAN. The question is not—

A. We had the general management of the business of the company's steamship-lines running to and from San Francisco; we were, under a written contract, the agents of the company at and near San Francisco. This special contract also included the general agency of the company on the Pacific Ocean from Panama to Hong-Kong, and the general management of the business of the China line, including the supervision of the Asiatic agencies. Those were the terms of the contract.

Q. Did it include receipts and disbursements to that point?—A. Yes, sir.

Q. Had any one else authority to receive and disburse at San Francisco?—A. No, sir.

Q. The entire business of that character was under the control of Eldridge & Irwin?—A. Yes, sir.

Q. Did the business which you transacted for the company terminate when this special contract began?—A. No, sir.

Q. When did your business as general agent cease?—A. On the 31st December, 1872.

Q. And your business as special agent under the written contract

began when?—A. I was not special agent under that written contract I was not an officer or agent at all under that contract.

Q. What was your compensation as general agent?—A. I received \$10,000 in gold and certain commissions outside of that.

Q. You or the firm?—A. I, personally. The salary of each of the agents was fixed under an independent contract between himself and the company; all receipts outside of that were divided.

Q. With whom did you settle your accounts as agent at San Francisco?—A. With the head office of the company, in New York.

Q. In what manner did you make those settlements?—A. We forwarded, shortly after the end of every calendar month, an account-current, accompanied by vouchers in detail, made up to include the last day of the preceding month. When they took any exception to any item of the account, they notified us; and when they did not so notify us, we took for granted that the accounts were right; and they were written into the books in the New York office from those accounts.

Q. How often did you balance accounts with the company?—A. I do not think we ever balanced accounts with the company in the sense of an actual discussion of the accounts. It was always taken for granted that the accounts were right in every respect in which, during the next month, they failed to take exception to them.

Q. Have your accounts as agents been balanced?—A. My impression is very strong that they have been. We have never heard to the contrary.

Q. Have you any personal knowledge of that fact?—A. No, sir. When we left the agency, on the 31st of December, 1872, we took from our successor, who had been previously our assistant, a receipt in full for the amount of cash due the company as per our balance, and for all other cash in our hands, because we were not only the agents of that company, but also of other companies.

Q. Has your firm any evidence of a settlement between you and the Pacific Mail Steamship Company?—A. No, sir; none other than the fact of their never having taken any exception to our accounts.

Q. You have no voucher indicating the fact of a settlement?—A. We forwarded that receipt, and when they did not object to that, we took it for granted that that was final. That is the way that those accounts with agents have always been settled from 1849 up to the time when I left the company.

Q. Have your firm in your own possession any evidence that you stand acquitted of any charge as agents of the company?—A. None, other than the fact that no exception was taken to that receipt.

Q. Have you ever, yourself, since you ceased to be agents, seen your account with the company?—A. No, sir.

Q. What were the terms of your special contract with the company to come here and prosecute the passage of the subsidy?—A. In general words, the terms of that contract which was made between Mr. Stockwell, the president of the company, and myself, he acting under the authority of the board of directors, were that I should come to Washington and get that subsidy for them—that could be made longer, but it is just as well to make it short—and that they were to pay me for my services a gross sum, which gross sum I was to state at a certain period before the completion of the service; and that contract was carried out by them.

Q. When was that contract entered into between you and Mr. Stockwell?—A. That is a difficult question to answer. It was entered into at various times.

Q. But when was it reduced to writing?—A. It was never wholly reduced to writing. It was partly in writing and partly verbal, and its terms were settled, and re-adjusted, and finally settled, at various periods between the middle of January, 1872, and the latter part of May, 1872, and were finally adjusted at the time when this payment was made.

Q. Was there any period in which it was a contract in writing between you?—A. Yes, sir; but it was afterward modified in regard to the amount.

Q. But was there any period when it was a written contract?—A. There was.

Q. When was that period?—A. That I cannot tell without referring to the letters. Just allow me to read these letters in answer to that question:

OFFICE OF PACIFIC MAIL STEAMSHIP COMPANY,
New York, February 1, 1872.

DEAR SIR: Yours of the 31st to hand. I am sorry to hear you are so indisposed, and hope to hear soon of your entire recovery.

I am satisfied that you are better posted on what it is necessary to do in our matter than any one else, and I will therefore trust it entirely to your judgment. The most important thing with me is success, and I want nothing left undone to secure it.

Please write often.

Yours, respectfully,

A. B. STOCKWELL.

R. B. IRWIN, Esq.

In reference to this letter, I have only to say that the subject of the contract, and the amount, had not been discussed up to that time.

On the 14th of February, 1872, I received from Mr. Stockwell the following communication:

“OFFICE OF PACIFIC MAIL STEAMSHIP COMPANY,
“New York, February 13, 1872.

“DEAR SIR: I inclose checks to my order indorsed to your order for \$250,000, \$100,000, \$110,000, and \$40,000, which are placed in your hands to be used in payment of your services in case of the passage and approval by the President of the bill or amendment providing for the increase of our China mail-service to semi-monthly trips, with a subsidy of \$500,000 a year for ten years, said compensation to be reduced pro rata in the event of a reduction of the amount appropriated as above. None of these checks to be used by you, but all to be returned to me, in the event of failure, excepting only the last named, (\$40,000;) all or any portion of which you may apply, if actually required, for your necessary expenses, and for counsel's fees.

“Very respectfully, yours,

“A. B. STOCKWELL.

“RICHARD B. IRWIN, Esq.”

In reply to this, I stated to Mr. Stockwell that my understanding was \$500,000 instead of \$250,000, and that I should, at the proper time, call upon him for his checks for the additional amount. On the 5th of May I received the following communication from Mr. Stockwell:

“OFFICE OF PACIFIC MAIL STEAMSHIP COMPANY,
“New York, May 4, 1872.

“DEAR SIR: Yours of the 3d to hand. We are much encouraged by the result of yesterday, were it not for the demands of to-day. When

we were defeated in the 'House,' you said to me there was *some good to come of it*; that if we did get our bill *'twould cost less*. I don't think it wise for the company to give their checks in this matter. Notwithstanding, I *now* inclose the four checks for \$100,000 each, as your desire; but if they must be used, I would prefer my checks to be substituted for these, but, as I say above, I *send them* because I want to do everything to insure success. Of course, you will return me *my checks* for \$250,000, previously sent you.

"Yours, very respectfully,

"A. B. STOCKWELL.

"Mr. R. B. IRWIN."

Indorsed upon that, in pencil, in my writing, I find three notes. One is, "Answered May 6." Then, as I kept no copies of my correspondence, and never have done so when away from my clerks, I made two memoranda in pencil opposite the different paragraphs of the letter, which indicate to me the character of my answer.

Opposite the paragraph in relation to what he says I said about some good to come of it, I find a memorandum "No," which means that I did not say so; and opposite the paragraph in which he says, "of course, you will return me my checks," I find another memorandum "No!" with exclamation-mark, meaning that I was not going to return them, and did not return them. These letters are in Mr. Stockwell's own handwriting.

Q. That written agreement was subsequently modified verbally?—

A. Only in regard to the amount.

Q. When was the first modification of that written agreement as to amount?—A. That I do not remember.

Q. Was it ever modified in writing?—A. No, sir.

Q. Was it modified as to amount more than once?—A. Well, I ought to say here that it was never made perfectly definite as to amount until the latter part of May, 1872. In other words, the substance of the contract, which was partly in writing and partly verbal, was this: that I was to pay for the services of all those whom I employed to assist me in the matter, (for of course the company supposed I must have some one to help me;) that I was to pay for all those services; and that, when I knew how much it was going to cost, I should specify how much that would be, and the company would then decide whether to go on with it; and that decision was finally made, and the contract consummated at the time that money was paid, \$750,000 I believe. I am not sure about the amount, but they call it \$750,000, and for the sake of argument we will call it \$750,000.

Q. Do you mean to say that the company was to decide, when you told them how much it would cost, whether they would go on with the application for the subsidy or not?—A. There was no express understanding to that effect.

Q. Was that what you meant in your last answer?—A. Yes, sir; I mentioned it because, until the amount was definitely fixed, of course there was nothing by which the company was bound in the matter; and as a matter of fact, at the time when I stated to them the amount which it was going to cost, I not only offered to release them from the whole thing, and return to them all the money which had previously been expended, but I also urged them, as I had done before they went into the thing, to drop it.

Q. When the amount was ascertained, were you paid by check?—A. Yes, sir.

Q. The check will show the date, I suppose?—A. Yes, sir.

Q. And you spoke of the amount of this check a moment ago?—A. The amount of all the checks I only remember by the statement made in the complaint against me by the company; and I stated the amount from their testimony, subject to correction when I see the checks. My impression is that the amount is substantially correct; but, of course, I would not like to swear to anything that I do not know.

Q. It is stated by the company to be how much?—A. It is stated by them to be about \$750,000.

Q. And you believe that to be correct?—A. I believe that to be correct.

Q. That sum was to embrace your own personal services and your expenses?—A. Yes, sir.

Q. What expenses were you to incur here?—A. It was to cover *all* expenses incurred here.

Q. Your personal expenses while living here and pressing this application for a subsidy?—A. Yes, sir; and my personal expenses in New York, my traveling expenses to and from San Francisco, and the services of all persons employed by me, and I was to protect the company against any claim which might be made by those persons directly.

Q. Did all the money paid out by the company in securing the passage of the subsidy pass through you?—A. I do not know, sir.

Q. Was it understood that it was to pass through you?—A. That was the agreement between Mr. Stockwell and myself. The agreement was that I was to have entire charge of the matter. I, of course, continued all the arrangements previously made by Mr. Stockwell as president so far as they were communicated to me, and employed all persons whom he afterward directed me to engage. * * * *

Q. This \$750,000, if that is the right sum, covers those expenditures by you?—A. Yes, sir. Wait a minute. I understand you by the word "covers" to mean to ask me was it all.

Q. I do not mean that. Does that sum cover anything else?—A. It covers nothing else but what I have stated.

Q. It covers nothing but money expended by you in obtaining the passage of the subsidy?—A. That and my personal expenses.

Q. You mean that it covers nothing but those expenditures and your personal expenses in that matter?—A. No; it covers all my personal expenses in New York and in Washington, and my traveling expenses to and from San Francisco.

Q. You mean your personal expenses in and about the matter of the subsidy?—A. It covers all, sir. It was understood that if I came here I was to have all my expenses paid.

Q. I want to understand whether it covered your personal expenses in anything not connected with this matter?—A. I virtually had nothing else to attend to, but whatever expenses I did have, they paid.

At this point, Mr. Irwin, who had previously warned the committee that he was too ill to be examined much longer, said he was unable to go any further, and the examination was suspended, with the understanding that it should be resumed at 10.30 o'clock a. m. on Thursday, the 17th, unless he should then be so ill as to render it dangerous, in the opinion of his physician, to proceed.

WASHINGTON, December 17, 1874.

The subcommittee continued the examination of Mr. Irwin at his room, as follows:

The WITNESS. Before you proceed with the examination, I wish to make a slight correction in my testimony of yesterday. I stated that

my employment in connection with the subsidy matter extended over five months, from January to May, 1872, inclusive. Without any qualification, that would convey rather an erroneous idea. I was really employed by the company upon this special business at various periods between 1869 and 1872; that is to say, during each of the sessions of Congress, 1869-'70, 1870-'71, and 1871-'72. I had previously to that time had the entire charge of all the company's Washington business, from the year 1865 up to 1869, so that in fact I had continued charge of the company's Washington business, in whatever capacity I was employed by the company, whether in New York or in San Francisco, from 1865 to 1872, inclusive, and it was always a special employment. I originally undertook this subsidy business at the earnest request of the former president of the company, Allan McLane, who was not only my warm personal friend, but my benefactor. I was under greater obligations to him than to any other living man, and I served him as I never would serve any other living man, and never can again; with my whole heart. He had only to call on me to do anything and I was ready. When Mr. McLane offered me the San Francisco agency, which I think was in April, 1869, my principal inducement to accept it and go to California, where neither I nor my family at that time wished to live, was to escape from this very Washington business, and I so stated distinctly at the time. In December, 1869, my first intimation that this business was coming up again was received, in the form of a telegram from Mr. McLane, requesting me to come to New York. On my arrival here, in January, 1870, I found that Mr. Robert McLane, his counsel, and Mr. Phelps, one of the company's vice-presidents, had caused to be introduced in Congress a bill to increase the China mail-service, by direction of the company, and that they had got just so far with it and could not get any further, and didn't know what to do, and Mr. McLane asked me to come to Washington and take charge of it. After coming to Washington I represented to him that I did not believe any such bill could be passed through Congress, and we spent the whole of that winter substantially in reconnoitering the ground and doing nothing else. That was the winter of 1869-'70—from January to June, 1870. On leaving New York in August, 1870, I again urged Mr. McLane, as I had done previously, to abandon this subject and, whether he abandoned it or not, to relieve me from any further connection with it. He promised to reconsider the subject, but decided to continue it, and I was again called East in November, and remained in Washington and New York the whole of the succeeding session of Congress, 1871-'72, during which session again we did very little except to review the position and make some slight formal progress with the bill. In April, 1871, just before I returned to my home in California, I had a long and earnest private interview with Mr. McLane, in which, after soliciting his undivided attention, I submitted a number of points which struck me as being of the highest importance to the company's interest. One of them was the abandonment of the Panama line, another the re-organization of the company's Asiatic agencies, and another the abandonment of this subsidy matter. I represented to Mr. McLane that, in my opinion, it would cost at least \$500,000 to pass this bill, and that it would cost a large portion of that sum to try to pass it, even if it failed, and I urged him to consider whether, first, if we succeeded, it would be worth what it cost; secondly, whether he could afford to take the responsibility of failure; and, thirdly and chiefly, whether it were not better for the company, even if they should get this bill passed without spending any money whatever, to drop it, and

to go over to England, build their ships there, and run them under the English flag, if Congress should refuse to nationalize those ships; the question of the flag being one entirely for the Government to consider, and the only question open for the merchant to consider being the question of profit and loss. I represented what I then believed and now believe, that our ships could be built so much cheaper in Great Britain, and that, when we considered the fact that, owing to the greater perfection of English ships and machinery, we could perform with two steamers the work of three, the balance of the profit and loss account at the end of the year would stand better with those English ships without a subsidy than it would with American ships with a subsidy, even if that subsidy cost us nothing. I referred Mr. McLane, at his request, to two or three or four gentlemen who could substantiate my estimate as to the amount that the passage of this bill would cost. I urged him to think over the matter during the recess of Congress, and talk it over with his brother Robert, with whom I had previously fully discussed the question, and who I believe entertained the same opinions that I did, he having been with me here in Washington as my counsel. Mr. McLane did not seem to be at that time so fully impressed with the difference in cost and economy between English and American ships, but I suggested that he should send to England Captain Baby, or some other expert in whom he had confidence, to examine the subject, and get plans, specifications, and estimates. Some time during the succeeding autumn I received a private letter from Mr. McLane, stating that he had fully considered this question, and had decided to adopt substantially this policy, and in pursuance of it had sent Captain Baby to England for the purpose of getting plans, specifications, and estimates, and that he should drop the subsidy-matter entirely; and, as a matter of fact, Captain Baby was sent to Europe to do this work, and did it. In November, 1871, by a stock-combination, an entirely new board of directors was elected, and Mr. Alden B. Stockwell was made president. He immediately decided, as he informed me in January, 1872, to renew the subsidy-question, and, in accordance with that decision, although without my knowing the reason at the time, he wrote early in December to Eldridge and Irwin, stating that he would like to have one of the agents, either Captain Eldridge or myself, come to New York immediately for consultation, and that as Mr. Irwin had a more general knowledge of the company's business, and had had the more particular management of the China line of steamers, and supervision of the Asiatic agencies, he would prefer to see the junior partner. I telegraphed in reply that I could not come for three weeks, as I was just moving into my new house; to which telegram no reply was received. Immediately on my arrival in New York, in January, 1872, Mr. Stockwell opened this subsidy-question—told me that he had decided to go on with it; that he had made all his arrangements to carry it on; and that he expected to pass the bill in the course of a few days. He did not tell me what his plans were at first, but I took the first opportunity to repeat to him, only more earnestly and more decidedly, if possible, the objections that I had urged in my last interview with his predecessor, strengthened by the additional consideration that whereas the administration of his predecessor was a quiet, conservative steamship-administration, carried so as not to be constantly before the public, the Stockwell administration was a speculative administration, with no knowledge or experience of the steamship-business, having already developed a desire to be constantly before the public in the newspapers, so that it would not only be much more difficult to carry such a bill

then than theretofore, but it would necessarily cost a great deal more money, by attracting the rapacity of the race of men known as "strikers."

As I referred yesterday to my several resignations, I would like to read them to the committee, and, if there is no objection, have them made a part of the record. The first letter that I shall read is one which I wrote to Mr. Stockwell, the president of the company, on the 23d of April, 1872, as follows:

"NEW YORK, April 23, 1872.

"A. B. STOCKWELL, Esq.,

"President Pacific Mail Steamship Company :

"DEAR SIR: I have recently felt it to be my duty to you, to the company, to my associates, and to myself to make certain very grave criticisms upon the action and representations of the vice-president, regarding coal and other matters.

"In my judgment, what I have said makes it impossible and undesirable that Mr. Bellows and myself should both remain in the service, for it seems to me that if my statements are believed, the company cannot afford to keep Mr. Bellows; while, if they are not believed, I ought not to stay. Furthermore, the harmony which is indispensable between the assistant executive officer and the principal agency of the company cannot exist after what has passed, especially since its previous disturbance by the very irritating correspondence carried on by the vice-president during the past year or so.

"After having taken time to reflect, you decide that no action need be taken by either of us.

"I have given your opinion due consideration and weight, but self-respect seems to me to dictate that I should act upon my own judgment, which I find myself unable to modify

"With great reluctance and regret, I therefore feel compelled to retire, at the very dawn of its new prosperity, from the service of the company for whose interests I have labored with so much zeal, with so much pride, with so much affection.

"I beg you will have the kindness to cancel my contract as agent at San Francisco, which would otherwise expire December 15, 1872, and to permit me to retire from the company as early as may be convenient and agreeable to yourself.

"Wishing you and the company continued success and prosperity, I remain,

"Very respectfully, yours,

"RICHARD B. IRWIN."

This letter was handed to Mr. Stockwell in person. He requested me to withdraw it, and I, in reply, asked him to put anything he had to say on the subject in writing. He accordingly addressed me the following letter; which, although it is addressed to me in Washington, was delivered to me in New York:

"OFFICE OF PACIFIC MAIL STEAMSHIP COMPANY,

"New York, April 23, 1872.

"DEAR SIR: Upon full consideration of your letter of this date, I have to ask you to postpone your resignation until next June or July, when I intend to visit San Francisco, and will then more fully understand the situation, and if at that time you still continue of the same mind, I will

interpose no obstacles to your retiring, and do all I may to assist you in any new enterprise in which you may engage.

"Yours, very respectfully,

"ALDEN B. STOCKWELL.

"RICHARD B. IRWIN, Esq.,

"Washington, D. C."

After considering the matter for several days, I wrote him on the 27th of April the following letter:

"WASHINGTON, April 27, 1872.

"DEAR SIR: Having carefully considered your letter of 23d instant, I have concluded to withdraw my resignation as requested, in deference to your wishes and to your expressed judgment of the company's interests.

"Very respectfully, yours,

"RICH'D B. IRWIN.

"A. B. STOCKWELL, Esq.,

"President Pacific Mail Steamship Company."

In regard to the criticisms upon Mr. Bellows, referred to in my letter of April 23, I wish to state that they related to matters involving differences of opinion and action between himself and the firm of Eldridge & Irwin, and did not in any manner affect Mr. Bellows's integrity; they referred to matters long since past, having no reference to the subject-matter of this inquiry, and having no interest at the present day.

When Mr. Stockwell came to San Francisco, in July, 1872, just before his return I requested him to appoint my successor at his earliest convenience, and stated distinctly that I should in any event retire at the end of December, 1872. I will mention incidentally, in order to show Mr. Stockwell's continued confidence in me after this subsidy matter was all over, that during the month of July, 1872, he discussed with me the question of organizing a national gold-bank in San Francisco, with a capital of from \$500,000 to \$1,000,000, of which he was to supply \$300,000 himself, and which I was to manage in his interest, according to his suggestion; a proposition which I peremptorily declined. On the 23d of September, 1872, I addressed Mr. Stockwell the following communication:

"SEPTEMBER 23, 1872.

"DEAR SIR: Although subsequent reflection gives me no ground for abandoning or changing the positions taken by me in the correspondence and conversations that preceded and followed the tender of my resignation last April, yet having withdrawn it at your request, I do not feel that those circumstances demand any present action on my part.

"Regard, however, for the company's best interests, no less than my own, would make it impossible for me, with the light and experience I now have, to enter into a new engagement with the company—even if such should be your desire, as to which I am, of course, ignorant—without more considerable and material changes than I have any reason to believe you would wish to consider.

"In order, moreover, to leave you quite unembarrassed in any re-organization of this agency which you may desire to make at the expiration of my present contract, I now respectfully renew the tender of my resignation, which, for convenience of business and accounts, I suggest

should take effect December 31, 1872, instead of December 15th, which is the date of the expiration of my contract.

"Here, perhaps, I ought to stop; but my affection for the company must plead my excuse if I go further and state frankly some of the measures I deem essential to its welfare. In my judgment, the successful management of this agency, upon which depends so large a part of the sum of the company's prosperity, absolutely demands unity in the internal organization; greater freedom of action, particularly in emergencies; and the transfer hither of the administrative control of the entire business of the company on the Pacific Ocean.

"In other words, I think efficiency, economy, and harmony would be vastly promoted by having a single head, responsible to you, directly, for results, instead of two officers entirely independent of each other, and each separately answerable to you for comparatively unimportant details; and by extending this responsibility to the whole business of the company from Panama to Hong-Kong. The functions of your representative here would then resemble those of the superintendent of a railway acting at a distance from the directors. Practically this would be the organization agreed upon when I accepted this agency, as shown by the correspondence of that period, but which was by degrees entirely neutralized by causes to which I will not again allude further than to say they were quite beyond my reach.

"Besides the results I have pointed to, namely, efficiency, economy, and harmony, which would directly flow from such a re-organization, (and premising the wisdom of your choice of a person to exercise this trust who should be able to unite all his forces in cordial co-operation and conciliate the regard of merchants, instead of arraying every element in hostility, as we have seen done,) you would thus, and thus only, in my opinion, revive that spirit and zeal which once existed in this service, but which has been worn out by disjointed, uncertain, and remote administration.

"In the same view, I would also recommend you to compensate your superintendent not by a fixed salary, but by a commission on the gross and net receipts of all the business under his charge, so that he will feel a direct interest in activity and economy throughout the line; that you leave to him the appointment and removal of agents, officers, and employés, and the regulation of pay, which, as far as practicable, should be contingent like his own; that, as before remarked, you hold him answerable for results; and that the arrangement be terminable by either party at short notice.

"I would also briefly renew the recommendation heretofore submitted on several occasions, that the whole system of accounts be remodeled so that they may be really and effectually audited and controlled in your office, and all the agencies and steamers be relieved of a great load of unnecessary accounts and documents now kept and rendered, for no practicable purpose, at vast expense, and, by their very mass and complexity, to the entire defeat of any actual supervision.

"If you care to know them, I shall be glad to present my views again in detail, with an estimate of the reduction of force and expenses that such a reform will render possible.

"With my continued wishes for the company's prosperity, and hoping to retain its good-will in the new employment which I shall be now obliged to seek, I remain, very respectfully, yours,

"RICHARD B. IRWIN.

"A. B. STOCKWELL, Esq.,

"*President Pacific Mail Steamship Company, New York.*"

After the date of this letter, and before the receipt of Mr. Stockwell's reply, I received an informal communication, which I had reason to believe came directly from him, asking upon what terms I would be willing to renew my engagement with the company; to which I replied, jestingly, that I would consider an offer of \$100,000 a year, my conviction really being that it would be impossible to harmonize our relations. This was merely a verbal communication. About the close of November I received the following letter:

"OFFICE OF PACIFIC MAIL STEAMSHIP COMPANY,

"59 and 61 Wall Street, New York, November 14, 1872.

"DEAR SIR: Your letter of September 23d was duly received on the 1st of October, and would have been more promptly replied to, had not the pressure on my time been such as prevented me from giving it the consideration which it was entitled to, and I must ask you to accept this, and the fact I write few letters, as my apology for the delay. For the reasons given by yourself, and under all the circumstances, I will offer no further objection to your withdrawal from the service of the company, and therefore accept your resignation, to take effect at the time fixed by yourself. I have read with attention the suggestions which your experience enables you to offer regarding the manner in which you think the San Francisco agency should be conducted, and am obliged to you for them, and, before making the change which I now have in contemplation, I should be pleased if you would send me your views in detail in this matter, so kindly offered in your letter, including the simplification of the accounts.

"In conclusion, allow me to thank you for your personal endeavors to promote the company's interests, and for your earnest desire for its welfare; and though our connection is to be dissolved, you will carry with you, in whatever you may engage, my good-will and best wishes.

"Yours, very respectfully,

"ALDEN B. STOCKWELL.

"Mr. RICHARD B. IRWIN,

"*San Francisco.*

"P. S.—Should be glad of any suggestions about Australian Line."

All these letters from Mr. Stockwell are in his own handwriting.

I had not leisure before my injury, in January, 1873, to submit this plan of the reorganization of the company's accounts, which I should have done as a matter of duty, although I had retired from the company's service. The only action taken by me, in reply to Mr. Stockwell's letter asking for suggestions in regard to the re-organization, was to suggest that he should appoint Mr. Samuel K. Holman, our assistant agent, as our successor, and give him an opportunity to show what was in him, at least until Mr. Stockwell could find somebody else that suited him exactly; and I recommended him, if he had no confidence in anybody who understood the steamship business, to find somebody who understood some other business, and who also had his confidence, and to send him out.

In order to show that this confidence in me was not confined to Mr. Stockwell personally, I will lay before the committee a letter which was communicated to us officially by our successor during January, 1873:

"AGENCY PACIFIC MAIL STEAMSHIP COMPANY,

"*San Francisco, January 21, 1873.*

"GENTLEMEN: We take pleasure in laying before you the underwritten extract from official letter No. 5914, received at this agency from the vice-president and secretary of the company :

"*Change of agents.*—We note the action of the late agents, Messrs Eldridge & Irwin, in putting into effect their resignation and turning over to your good self as acting agent ; and we part with those gentlemen with our best wishes for their future welfare and prosperity.

"Yours, truly,

"F. W. G. BELLOWS, *Vice-Prest.*

"THEO. T. JOHNSON, *Sec.*'

"Joining most sincerely in the very kind sentiments expressed therein, we are,

"Yours, very truly,

"S. K. HOLMAN, *Acting Agent.*

"Messrs. ELDRIDGE & IRWIN."

Mr. Stockwell left the company in May, 1873, and was succeeded by Capt. George H. Bradbury, who was, and is to day, one of my warmest personal friends. In fact, our relations to-day are closer and more affectionate than they ever were. Captain Bradbury left the company partly on account of differences between himself and Mr. Rufus Hatch, who had just been elected vice-president in November, 1873, while I was in England. Up to that time, and, in fact, until about February, 1874, I had not the slightest idea that there was a single point of difference between myself and the company except the Babcock extinguisher matter, previously referred to, and noticed in Mr. Sage's testimony, all of which occurred and was settled by Captain Bradbury after I left the company, and had nothing whatever to do with the subject of this inquiry ; and Captain Bradbury has since told me voluntarily that no difference ought to have arisen on that subject ; that he was perfectly satisfied about it. In fact, immediately on his election, I wrote him a letter placing the entire matter in his hands, and told him to do just what he pleased about it. The first that I knew of these charges against me was some time in April, 1874, when I was ill at Ventnor, in the Isle of Wight, whither I had gone for the purpose of getting a complete rest. Shortly afterward I received a copy of House Mis. Doc. No. 255, Forty-third Congress, first session, which contains the testimony of Trenor W. Park, John Roach, and George S. Scott before the Committee on Post-Offices and the Committee on Appropriations, reflecting on me in various matters, and particularly asserting that I had stolen \$300,000 of the company's money, and invested it in real estate in Philadelphia in my sister's name. These statements were made at different dates, the first, I believe, on the 5th of March, 1874, but they were kept quiet, and were not given to the press until on or about the 14th of April, 1874, when they were given to the press, as I have been informed and believe, by Mr. Rufus Hatch. Just before that date, Mr. Alden B. Stockwell had left New York for Europe, with the full knowledge of the officers of the company, and, as I have also been informed and believe, to escape the bullying and persecution of Mr. Hatch and others, by which he had been driven to a point of excitement that he was no longer able to endure. I get this information not only from Mr. Stockwell himself, but from others. Immediately after the 14th of April, a concerted attack was made against me through the newspapers along the whole line. I will not trouble

the committee with extracts from the various papers, but I wish to show them my answer to those statements, which was published in the New York Tribune on the 28th of April, 1874, and I would like to have it made a part of the record in this case, for the reason that it has never been answered by anybody. I contradicted every assertion that they made against me, and I especially called upon them to say where that real estate in Philadelphia was. I now make that answer a part of my testimony, and re-affirm under oath the entire correctness of every statement contained in it.

To the Editor of the Tribune :

SIR: I have just seen extracts from the New York papers of April 14 and 15, giving the substance of an "argument" by Mr. Trenor W. Park, before the Post-Office Committee of the House of Representatives, in support of the application of the Pacific Mail Steamship Company for a continuance of its subsidy, notwithstanding its failure to comply with its contract with the Government; also a further "statement" of an "interview" with Mr. Russell Sage.

These gentlemen seem to labor under the strange delusion that the incompetency and inattention to its legitimate business, which has left the Pacific Mail Company in default upon its Government contract, in the vital matter of building the necessary steamers, can be atoned for, or that the attention of Congress and the public can be diverted therefrom by frequent and plentiful abuse of all the company's former officers and agents, while, at the same time, their own daily and consuming thirst for newspaper notoriety is partially assuaged. To this craving I am, for the first and last time, reluctantly compelled to minister by the necessity of noticing the gross and outrageous libels with which they have availed of my absence to assail me.

To any one, especially in California, who knows Mr. Trenor W. Park and myself, or, perhaps, either of us, no reply would be necessary to the charges he has launched from behind his shelter as a director and counsel of the company before a congressional committee. But the case is otherwise when the same statements are adopted and enlarged by the figure-head president of a once respectable corporation.

First. Messrs. Park and Sage are reported to have said, and have not denied saying, that "it has already been discovered that \$300,000 out of an alleged famous corruption-fund of \$600,000, placed at the disposal of an agent of the company," afterward spoken of as "the culprit," and identified by name as "Irwin," or by number as "one Irvin," was "transferred by the agent to his sister and invested in real estate in Philadelphia," that "the company are taking measures to recover the \$300,000," which measures are described by saying that "the company have already attached the land." Each and every part of these statements, and the whole of them, are absolutely false and without a shadow of foundation, and many of these falsehoods relate to matters within the knowledge of the utterers.

To be explicit, I have not, and never had \$300,000 worth of real or of real and personal property in Philadelphia, or in the world, in my own or anybody else's name. I have no property in Philadelphia or elsewhere in the name of any sister or any person other than myself, and to the best of my knowledge and belief neither of my sisters has any property there or elsewhere in her own or anybody else's name. Loth to bring my own affairs before the public, I will say that my entire property in Philadelphia consists of a house and lot in my own name, costing and valued at about \$8,000, currency, above the purchase-mort-

gage. As a conclusive test between my accuracy and theirs I accept the precise issue they have themselves selected, and challenge Messrs. Park and Sage to say exactly where these lots are. It was so easy for them to have known from the records of the Philadelphia courts the utter falsehood of their statements before publishing them, that their action would have been sufficiently and outrageously wicked if aimed at myself alone. The infamy of their conduct in thus going out of their way to utter a foul slander against innocent and unprotected women, I remit to the scorn of every right-thinking person. It is also false that any property of mine in Philadelphia or elsewhere had been attached by the company, and this falsehood also was obviously within their own knowledge.

Secondly. I now come to the statements made by Mr. Russell Sage, singly, of his own knowledge and as alleged quotations from Mr. Stockwell. If Mr. Stockwell ever said these things (which I doubt) he had to forget many things, including his own sworn statements. Whether he did or not is immaterial, because they, as well as Mr. Sage's own statements, are false, and it is Mr. Sage and not Mr. Stockwell who has used them to assassinate my character. Mr. Sage says, "Mr. Stockwell told his successors in office that he had been induced to make this application by one Irwin, the company's agent at San Francisco," &c., and that "having become alarmed he employed Irwin to go to Washington," &c. In fact Mr. Stockwell made his application for the subsidy immediately after his accession to office; not only before I ever saw him, but actually before he and I had held any communication whatever. Instead of inducing him to make the application I opposed it, being warmly in favor of his predecessor's plan of building their new ships in England and doubtful of the success of any application to Congress. So far from wishing to be employed to go to Washington, as is insinuated, I refused to go there and tendered my resignation at my first interview with Mr. Stockwell, as well as several times afterward, and was only induced to go on by the repeated appeals and pressure of friends, whom I could not refuse, seconding Mr. Stockwell's requests. I learn for the first time from Mr. Sage's statement that "\$600,000 was blindly charged to the San Francisco agency." Certainly that agency was never told of it, and neither the quarterly nor annual statements of the company showed it, nor their sworn statements before Congress and the legislature. Mr. Sage says, and this time of his own knowledge, that "when the Sage administration came into power they asked for a bill of items, but Irwin suddenly left for Europe and has not since appeared here." The facts are, first, the Sage administration (meaning, I suppose, the direction of which Mr. Russell Sage is the figure-head, while the administration is performed by another) has never asked me for a bill of items or for anything else; secondly, I left New York on the 11th of October, 1873, not after the "Sage administration came into power," but when it was unborn and unexpected; thirdly, not "suddenly," for the state-rooms of myself and family were engaged about two months beforehand, and our intended departure had long been known, not only to my friends and acquaintances generally, but also to the officers of the Pacific Mail Company in New York and San Francisco. "And has not since appeared here." This is, perhaps, the meanest form of that vilest of weapons, innuendo. I do not live in New York; I have no business there any more than in Bagdad, and nobody has invited me to "appear" in either place. I "appeared" in and about New York for about four weeks last fall, with a knowledge of the company's officers, without hearing anything from them.

To meet squarely the general insinuation which underlies all these

details, I say that everything I have, which in any way represents money that ever belonged to the Pacific Mail Company, I own by virtue of written contracts (of which the company has or ought to have copies) for services rendered.

This being the only occasion on which I propose to trouble the public, I avail of it to deny once for all the idle and unsustained, but oft-repeated gossip in connection with this so-called "famous corruption-fund." I know nothing of any "corruption-fund." All the money paid me by the Pacific Mail Steamship Company in connection with the subsidy was applied by me precisely in the manner and for the purposes intended by the company, namely, in compensation for services which resulted in the donation to that company of \$5,000,000, and which were rendered by many persons, including a number of gentlemen of talent and experience, who were necessarily engaged during three or four years. Nobody has ever suggested that these gentlemen performed or ought to have performed these successful and valuable services gratuitously, or even cheaply, any more than do the enterprising gentlemen who now serve the corporation as officers, counsel, or otherwise, in New York, Washington, or elsewhere, or than those who have similarly labored for every company or individual who has ever had any private measure before Congress, or any legislature. That the Pacific Mail Company has always been satisfied of these facts I confidently assert, because no request or demand of any kind has ever been made of me by either of the three successive administrations of Messrs. Stockwell, Bradbury, and Sage, although nearly two years have since elapsed, and my final accounts have long since been settled, and written into the company's books.

It is so easy for Messrs Sage and Park to prove their charges, if they be true, as they say, and not the foul and wicked libels I pronounce them, that I shall not occupy the public attention with the refutation of any fresh calumnies they may again take advantage of my absence to circulate till these shall have been disposed of.

RICHARD B. IRWIN.

VENENOR, ISLE OF WIGHT, *April 28, 1874.*

From that day to this no one has attempted to specify the location of those Philadelphia lots.

In my answer yesterday in regard to the auditing of the company's accounts, I may have caused a misunderstanding in the minds of the committee. The accounts of the company are audited according to the by-laws, and, as a matter of fact, during the months of February, May, August, and November of every year. The auditing-committee consists of three directors. They make their report to the board, and their report is acted upon by the board, either accepted or otherwise, at the regular monthly meeting ensuing. Therefore, when the agents of the company receive no communications from the company respecting any discrepancy in their accounts, or any charge against them not contained in their own accounts, especially when the next regular period for the auditing of the company's accounts by the committee has passed, they naturally take it for granted that there is no exception to them, and, as a matter of fact, which I state on my own personal knowledge, this auditing by the committee has always been regarded by the company itself and by all its officers and agents as a final disposition of all the matters included in the accounts for the next preceding three months.

By the CHAIRMAN:

Q. You say that in your conferences with Mr. McLane, in which you ad-

vised the abandonment of the application for the subsidy, you gave, among other reasons for that advice, the amount which it would cost to obtain it, and you referred him to four gentlemen for their opinion as to the cost; who were those gentlemen?—A. I do not decline to answer that question, but I want to say just this, that they were not members of Congress, and not any one in position in Washington. They were business-men in New York, friends of the company, who had no connection whatever with the obtaining of this subsidy, and no official position. I read in Mr. Hatch's evidence that, although he did not know me and had never seen me until August, 1874, and did not know that I was in Washington for the company, and did not know that the company had any agent in Washington except by rumor, (as to which I propose to submit some points to the committee at a future day,) yet he has sworn that my relations with Mr. Stockwell were most intimate and friendly. Now, I wish to state here that my relations with Mr. Stockwell, except in so far as they were purely official, were most unfriendly during the entire period. In my opinion, Mr. Stockwell was earnestly and honestly endeavoring, after his own fashion, to build up the Pacific Mail Steamship Company; and although it is the fashion to-day to throw mud at him, especially by those who were once his friends, I, who was once his enemy, and could never be his friend under any circumstances, believe that it was neither his intention nor desire to injure the company in any way whatever. He erred because he attempted to manage a business that he did not understand; he attempted to manage a steamship-business like a speculation in Wall street.

Q. The letter of Mr. Stockwell to you, of May 4th, contained an allusion to "the action of yesterday;" what was "the action of yesterday," alluded to in that letter?—A. The action referred to was the passage of the Post-Office appropriation bill by the Senate, containing the amendment making this appropriation for the company.

Q. After it had once been defeated in the House?—A. Yes, sir.

Q. From these letters it appears that the check for \$110,000 was changed into cash \$50,000 and a check for \$60,000?—A. Yes, sir.

Q. Did these checks undergo any other change up to the time of the final payment?—A. No, sir; not previous to the final payment of the alleged \$750,000.

Q. You held, then, how much in the form of these various checks?—A. On or about the 6th of May I held checks for \$560,000, as nearly as I can remember.

Q. Did you receive from the company any other checks but these after the 6th of May?—A. Do you mean between that and the final payment of the \$750,000?

Q. Between that and the final payment of the \$750,000, did you receive any other checks?—A. I will not swear positively, but I think not.

Q. After that date, May 6th, did you, at any time, receive any other checks?—A. I did.

Q. Will you describe them?—A. May I ask whether you have got the checks?

Mr. BECK. The checks are all dated on the 24th of May.—A. Then on the 24th or the 25th of May, I don't remember which, I received certain other checks which the company say amounted to \$750,000, and which I believe amounted to that sum, but I cannot tell accurately until I see them. I received those checks from Mr. F. W. G. Bellows, vice-president of the company, in the president's room; and at the time of receiving those checks, I returned to Mr. Bellows all of the checks which I

had previously received, and which had not yet been cashed, amounting, as nearly as I can remember, to \$560,000.

Q. You say you returned him all of the checks already described, except such as had been previously cashed; how much in amount of those checks had been previously cashed?—A. I returned checks amounting in all to about \$560,000, the balance of the \$650,000 which I have previously described.

Q. What was done with those checks that you returned?—A. Mr. Bellows tore them up.

Q. What, if anything, did you receive in exchange for them?—A. The checks which I have already stated, amounting to about \$750,000.

Q. Are those the checks which are now exhibited to you which have already been introduced in Mr. Hatch's testimony, being Nos. 2360 to 2365, inclusive, and all dated May 24, 1872?—A. They are. The stamps on two of these checks to wit, Nos. 2360 and 2361, prove that they have passed through the American Exchange Bank, where they were deposited by me to my credit. The stamp "21" in large figures, on the face of each of the checks, Nos. 2362 to 2365, inclusive, indicates, in my opinion, though I cannot state so positively, that those checks have also passed through the American Exchange Bank, where they were deposited by me to my credit; for I think that "21" is the number of the American Exchange Bank in the clearing-house association.

Q. All of those were passed to your credit in the American Exchange Bank?—A. I think so, but I cannot be positive until I see my bank-account.

Q. Were they received for the same purpose for which the checks that you gave up had been received?—A. Yes, sir; exactly.

Q. And that was the purpose you have heretofore stated, in accordance with the contract to procure the subsidy?—A. Yes, sir.

Q. The Pacific Mail Steamship Company took no action as a company in relation to furnishing you this money?—A. Yes, sir.

Q. If so, state what action.—A. As I stated yesterday, Mr. Stockwell acted in this matter under the orders and by authority of the board of directors, and all the payments made to me by the company in this behalf were made by and under the order and authority of the board.

Q. At what date did the directors take that action?—A. In February, 1872.

Q. What was the precise date?—A. On the 7th of February, 1872, at a meeting of the executive committee of the company, (the executive committee being by the by-laws invested with the full powers of the board,) the executive committee passed a resolution (of which I cannot give the precise terms, but they will appear by the minute-books of the company when produced) authorizing the president to expend such sums as in his judgment might be necessary for counsel-fees and other necessary expenses to procure this subsidy. On the 14th of February, at the regular meeting of the board of directors, with a full board, the proceedings of the executive committee of February 7 were duly ratified by the board, in accordance with the usual custom of the company. Then I believe, but I do not know positively, that other action, subsequent to the final payment to me, and ratifying Mr. Stockwell's action under that, has been taken by the board. This, however, I do not know positively, but the minutes of the company will show.

Q. How soon after the receipt of these last checks did you put them into the bank to your own credit?—A. My impression is that I deposited those checks to my credit on the 27th of May; and my reason for

that impression is that I have a distinct recollection of having kept them for two days before I deposited them. That recollection may or not be corrected when I see the bank-account, but I kept them about two days, I am sure. Then, I think, another interval of two days elapsed before the money was drawn; and the bulk of it was drawn, I think, on or about the 29th of May, as near as I can remember.

Q. Were you in New York when you drew the money?—A. I was in New York when I deposited the checks, and I was in New York when I drew some of my own checks against this money. I was in Philadelphia when I drew other checks, and I was in San Francisco when I drew still other checks against this money. I do not remember, though, where I drew the bulk of it, whether in New York or in Philadelphia; but I know I was in the East. I can tell where when I see the bank-account.

Q. The whole of this money was put in your hands for the purpose of paying the expenses of procuring the subsidy?—A. Yes, sir.

Q. Including your own personal services and the services of all persons who worked under you in that business?—A. Yes, sir.

Q. Was it all so used?—A. Yes, sir.

Q. Was any portion of it used for any other purpose?—A. No, sir; for no other purpose whatever.

Q. How soon after its receipt from the bank by you was it so used?—A. I think, as near as I can remember, that the bulk of it was drawn out by me from the American Exchange Bank about two days after I had deposited it there to my credit. I can tell positively when I see my bank-account.

Q. Do you know to what account on the books of the company those checks were placed when they were given to you?—A. The original entry on the company's books (the books of original entry) of the checks for \$750,000, shown to me this morning, was to Alden B. Stockwell individually, and was made by his initials, "A. B. S." Before I left the company's office, on the morning on which I received those checks, I went to Mr. Johnson, the secretary, then acting as treasurer, (his name is signed to these checks as treasurer *pro tempore*,) and asked him to show me the stubs of these checks, amounting to \$750,000, in the check-book, in order that I might see who was going to have to account for this money. He showed them to me, and I read on each of them Mr. Stockwell's initials, "A. B. S." At that time those stubs, which I can see distinctly now in my mind, contained simply the date, the initials "A. B. S.," and in the dollar and cent column the amount of each. At the same time, Mr. Johnson informed me that, either that morning, or the night before, I forget which, another set of checks, corresponding precisely in amount to these six, had been drawn by him to the order of A. B. Stockwell individually, and that Mr. Bellows had instructed him to destroy them, stating that it was in accordance with Mr. Stockwell's wishes, and to draw other checks to the order of R. B. Irwin. I asked him why that was done, and he said, "I don't know." I then looked again at the stubs of the checks, to make myself certain that I was not going to be called upon to account for this money after I had expended it; and Mr. Johnson made this statement to me for the purpose of accounting for the fact, which he knew, that I would at once notice that the numbers of the checks were in red ink and in manuscript, instead of being the regular stamped numbers on the company's regular series of checks. The numbers on the stubs were printed numbers, in their regular places, but the numbers on the checks were in red ink and in manuscript. Mr. Johnson knew perfectly well that

I would notice that at once, and would ask why it was so, and therefore he told me himself.

Q. When you were informed that these duplicates of the original checks had been drawn payable to your order in the place of those payable to the order of Mr. Stockwell, what did you do, if anything?—A. I asked Mr. Bellows why it had been done, and he told me that it was because Mr. Stockwell was going out of town that day, and would not be there to indorse them, and supposed that I needed the money immediately. This explanation satisfied me, and I thought nothing more about it, and as a matter of fact Mr. Stockwell was absent from the office during the whole time when I was there that day, and I did not see them until the next day.

Q. Do you say that the regular check of the company has the printed numbers corresponding to the printed numbers on the stubs?—A. Yes, sir, invariably. Both numbers are printed at the same time. Manuscript-numbers would not appear on any check of the company in the ordinary course of business, unless the clerk or officer who made out the check had accidentally happened to destroy the number, or for some reason of that kind.

Q. Then this check with a manuscript-number (referring to one of the six checks heretofore identified) does not fit into the place where the corresponding number is in the book, but is another check?—A. Another check, taken from a different place. It does not belong to that place in the book of blank checks.

Q. How do you know that to be so if you have not seen the stub-book?—A. I am only speaking as to what would happen in the usual course of the company's business, which I know from having frequently had charge of the check-books, and made out the checks myself, in the absence of the treasurer, while I was in the New York office, prior to 1869.

Q. Do you know of a firm of the name of Harriott & Noyes?—A. No, sir; I know there was such a firm.

Q. What was their business?—A. I know them by reputation as a firm of stock-brokers in New York. I know nothing of them or about their business except by common report.

Q. Have you ever had any business with him?—A. None whatever.

Q. Is there any reason why a check payable to your order, and indorsed by you, should be charged to that firm and indorsed by you?—A. No reason that I know anything of; I should think there was every reason why it should not.

Q. If any such thing as that has been done, has it been by your order?—A. No, sir; not only not by my order, but entirely without my knowledge. The first information of it that I have received is this to-day, except by a rumor which I saw yesterday in the newspapers.

Q. When you drew this money from the bank in two or three days after you deposited the checks, what kind of money did you take; can you tell the size of the bills?—A. I don't think that I drew any of that money in currency; if I did, it must have been a comparatively small amount.

Q. In what manner did you draw this \$750,000 from the American Exchange Bank?—A. Mostly in the form of my personal checks.

Q. Payable to somebody's else order?—A. Some of them payable to somebody's else order, and some of them payable to my own order, and indorsed in blank.

Q. Have you the stubs of those checks?—A. I think not; I don't

know, but I think not; I looked for them the last time I was in San Francisco and I could not find them.

Q. Have you any memoranda of those checks?—A. I have none.

Q. Can you tell the size of them?—A. I can when I see my bank-account; that is the only way I can tell.

Q. Will the accounts of the American Exchange Bank disclose how that money was drawn?—A. I think they will simply give the amounts. If any money was paid in cash over the counter, the accounts in the bank will show it, I think, though I can't speak positively as to that; but they will show the amount and the date.

Q. Will they show, also, the several items, or only the aggregate?—A. They will show the several items in detail. The usual course of a bank in New York in keeping an account is to furnish its customer with a pass-book containing memoranda of every deposit which he makes, to his credit, and now and then this pass-book is sent to the bank and "written up," so that he is advised of the condition of his account. Every entry to his debit or credit is made in detail, but as a rule there is no specification of names, only just of amounts.

At this point Mr. Irwin informed the committee that he felt unable to proceed further to-day; and the examination was suspended until Friday, the 18th, at 10.30 a. m.

FRIDAY, *December* 18, 1874.

Before the examination was resumed Mr. Irwin exhibited certain papers to the committee, which he desired to have made a part of the record, accompanied by explanatory remarks, as follows:

Mr. IRWIN. As Mr. Sage has sworn that he had me arrested, I submit the following documents. The first is a letter received by me in New York, August 27, 1874, viz:

"LAW OFFICE OF HENRY S. BENNETT,
"14 & 16 Wall street, New York, August 25, 1874.

"DEAR SIR: I am directed by the Pacific Mail Steamship Company to bring an action against you for an accounting. The particular transactions to which this accounting refers are, of course, known to you; and, as I am informed, in an interview which you had with two of the directors yesterday, you, in anticipation of this action, gave them your address. I now ask you to either inform me where, *in this city*, you can be found so that I may serve upon you the proper papers, or what attorneys may be authorized by you to appear in your behalf and on whom I can make the requisite service.

"Yours, &c.,

"H. S. BENNETT,
"Attorney Pacific Mail Steamship Company.

"Mr. RICHARD B. IRWIN."

I at once took a cab and went from my hotel to my counsel's office, where I wrote the following note:

"CHAPMAN, SCOTT & CROWELL,
"ATTORNEYS AND COUNSELORS AT LAW,
"No. 33 Wall street, New York, August 27, 1874.

"DEAR SIR: Being in the city yesterday I have this moment received your favor of the 25th, in reply to which I beg to say that Messrs.

Chapman, Scott & Crowell are authorized and instructed to appear for me in any actions your clients may be pleased to bring against me.

"I am, dear sir, yours very respectfully,

"RICHARD B. IRWIN.

"HENRY S. BENNETT, Esq.,

"14 Wall St., New York"

I gave this to one of the clerks to take a press-copy. He had just returned it, and I had it ready to send, when a boy handed me the following summons in a civil action:

(Copy.)

"Supreme Court of the State of New York.

"THE PACIFIC MAIL STEAMSHIP CO., PLAINTIFF,	}	Summons for relief.
"against		
"RICHARD B. IRWIN, DEFENDANT.		

"To the defendant above named:

"You are hereby summoned and required to answer the complaint in this action, which will be filed in the office of the clerk of the city and county of New York, and to serve a copy of your answer to said complaint on the subscriber at his office, number 14 Wall street, in said city of New York, within twenty days after the service of this summons on you, exclusive of the day of such service; and if you fail to answer the said complaint within the time aforesaid, the plaintiff in this action will apply to the court for the relief demanded in the complaint.

"HENRY S. BENNETT,
"Plaintiff's Attorney.

"NEW YORK, August 25, 1874.

(Indorsed:) "Copy. New York Supreme Court. The Pacific Mail Steamship Co. against Richard B. Irwin. Summons. H. S. Bennett, plaintiff's attorney, 14 Wall street."

On the 5th of October, my counsel were served with the following complaint in this civil suit, and the next day the company caused its publication in the New York Tribune, and afterward telegraphed it to San Francisco, and had it published *in extenso* there:

"Supreme court. Trial to be had in the city and county of New York.

"THE PACIFIC MAIL STEAMSHIP COMPANY, PLAINTIFF,	}
"against	
"RICHARD B. IRWIN, DEFENDANT.	

"The complaint of the plaintiff, who appears in this action by Henry S. Bennett, its attorney, respectfully shows to this court—

"First. That during the period within which the transactions hereinafter set forth took place, it was, and is now, a corporation duly organized under the laws of the State of New York.

"Second. That on the 24th day of May, 1872, at the city of New York, there came into possession of the defendant, while acting as confidential agent of plaintiff, and as its trustee, and in the course of his duties as

such trustee, the aggregate amount of seven hundred and fifty thousand dollars, in six different installments, in amounts as follows, to wit :

“ One installment of \$650,000; one installment of \$50,000; one installment of \$25,000; one installment of \$10,000; one installment, of a like amount, \$10,000; one installment of \$5,000.

“ That said money, and the whole thereof, was and is the property of plaintiff, and that the defendant had and has no lien upon, nor interest in, nor right to it, or any portion of it, except as custodian for the benefit of plaintiff.

“ Third. That plaintiff has duly demanded the same from defendant; but that defendant has refused to pay the same, or to account to plaintiff for said money or any portion thereof.

“ Fourth. That defendant has appropriated said money to his own use, and that plaintiff has been damaged thereby to the amount of \$750,000 with interest thereon from the 24th day of May, 1872.

“ Wherefore plaintiff demands judgment against defendant :

“ I. That he may be compelled to account to plaintiff for the aforesaid amount as money received by him in a fiduciary capacity.

“ II. For the misapplication and embezzlement of the sum of \$750,000 on the 24th day of May, 1872.

“ III. For judgment in its favor against defendant for the aforesaid sum of \$750,000, and interest thereon from the 24th May, 1872.

“ IV. For such other and further relief as the court may deem plaintiff entitled to by reason of the matters and facts set forth in said complaint, together with the costs and disbursements of this action.

“ HENRY S. BENNETT,

“Plaintiff's Attorney.

“ CITY AND COUNTY OF NEW YORK, ss :

“ Theodore T. Johnson, being duly sworn, says that he is the secretary of the Pacific Mail Steamship Company, the plaintiff in this action, and that the foregoing complaint is true of his own knowledge, except as to the matters stated on information and belief; and as to those matters he believes it to be true.

“ THEO. T. JOHNSON.

“ Sworn to before me this 5th day of October, 1874.

“ A. P. HINMAN,

“Notary Public, New York County.

(Indorsed :) “ Copy. Supreme Court. The Pacific Mail Steamship Co. against Richard B. Irwin. Complaint. H. S. Bennett, pl'ff's att'y, 14 Wall st., New York. Dated New York, Sept. 30, 1874. To Chapman, Scott & Crowell, att'ys for def't, 33 Wall st. Rec'd Octo. 5, 1874.”

To show the animus with which this matter has been pursued, I show you the following documents :

[Copy of a printed slip from the Alta California, September 1st, 1874.]

“ *Heavy suit against R. B. Irwin.*

“ NEW YORK, August 31.

“ At an interview to-day by the agent of the Pacific Press Association with the managing director of the Pacific Mail Company, the following information was obtained :

"R. B. Irwin, former agent of the Pacific Mail Company at San Francisco, who it is alleged misappropriated the funds of the company, has been detained in his proposed trip to Europe by a suit brought by the attorney of the company, for the recovery of \$1,000,000. Mr. Irwin was to have sailed on Saturday last, but the papers in the case being served on Friday, it is probable he will forego his trip. The company are fully aroused in this matter, especially as Mr. Irwin has been in this city some days and challenged the directors to a suit, and they propose to prosecute Irwin both criminally and civilly.

On the 8th of October, 1874, the complaint was telegraphed to San Francisco, including the notarial certificate, and was printed in the *Alta California* of October 9.

"RICHARD B. IRWIN. }
 "WILLIAM N. OLMSTED. }

"RICHARD B. IRWIN & Co.,
 "200 Sansom St., San Francisco, Sept. 2, 1874.

"DEAR SIR: [Extract.] * * * Trenor W. Park stated yesterday that Irwin had been asked to give an account of the moneys expended by him in Washington, but had refused doing so, and when further asked to select any one member of the board of directors and give him a statement, which would be satisfactory to the board, if satisfactory to the member so selected, he also refused, and the company have no alternative but to bring suit. You know how little of truth there is in this statement, but it was made to Mr. Ralston.* * * * *

"Yours, very truly,

"WM. N. OLMSTED.

"L. CHAPMAN, Jr., Esq.,
 "New York.

"NEW YORK, September 10, 1874.

"DEAR SIR: My partner, Mr. Chapman, has just handed me your letter to him of the 2d instant, with the request that I would answer it, as I accompanied Colonel Irwin to the office of the Pacific Mail Company, and was present at the only interview, I believe, which was had by Colonel Irwin, after his return from California, with any officer of said company.

"The interview to which I refer was at the office of said company, where I called with, and at the request of, Colonel Irwin. It was on the 24th August,† I think. The only persons present (and taking part in the interview) were Mr. Russell Sage and Mr. Johnson, (an officer of said company or of the Panama Railroad,) Colonel Irwin, and myself. I was present during the whole interview, and heard everything said, and can and do confidently assert that Colonel Irwin was not asked by any one to give any account whatever; that he was not asked to select a member of the board of directors, and give him a statement; that he was not asked to give a statement to any person whomsoever; and that, on the contrary, Colonel Irwin at the very opening of the interview stated, and repeatedly thereafter reiterated, to Mr. Sage that he was ready and willing, and then offered to make any statement or explanation that was necessary, or that Mr. Sage or the company desired, and that neither Mr. Sage nor any person stated or intimated that any statement or explanation from Colonel Irwin was desired.

* Note by Mr. Irwin: President of Bank of California.

† Note by Mr. Irwin: Monday, 25th.

"And I am satisfied that no other interview occurred between Colonel Irwin and any officer of said company, as I saw him the day before he sailed, and am confident that, if any further interview had taken place, he would have mentioned it to me.

"Yours truly, (in haste,)

"E. B. CROWELL.

"WILLIAM N. OLMSTED, Esq."

No other interview did occur than that referred to by Mr. Crowell.

"RICHARD B. IRWIN & Co. }
"WILLIAM N. OLMSTED. }

"RICHARD B. IRWIN & Co.,

"200 Sansom St., San Francisco, September 5, 1874.

"DEAR SIR: [Extract.] * * The proprietors of one of the papers which published the telegram became alarmed, and telegraphed the agent of the American Press Association for information, and he has handed us copies of replies reading: 'Item regards Irwin obtained at office Pacific Mail. They promise me a full statement early to-morrow.'

"Have Hatch's note that suit been commenced against Irwin; am promised official data from company's attorney, and will send it soon as received. * * * *

"Yours, very truly,

"WM N. OLMSTED.

"L. CHAPMAN, Jr.,

"New York."

[Extract.]

"SEPTEMBER 9, 1874.

"DEAR SIR: Your favor of the 1st instant, with inclosure of slip cut from your daily paper, was received this morning.

"In reply, I have to say that when Mr. Irwin returned from California I was absent on my summer trip, and did not see him while he was here.

"My partner, Mr. Crowell, however, called upon Mr. Russell Sage with Mr. Irwin. Mr. Sage then denied to Mr. Irwin that he had ever made the statements attributed to him.

"Mr. Irwin then told Mr. Sage that he was prepared to render any account or make any explanation which the company wished; that he intended to sail shortly for Europe; informed Mr. Sage of the date and the name of the steamer on which he would sail, and gave him his card containing his address, so that Mr. Sage could communicate with him if he desired. This was immediately after his return from California, and the interview was had at the office of the Pacific Mail Steamship Company in this city. Subsequently, on the 26th [27th] August, Mr. Irwin received a note from Henry S. Bennett, esq., the attorney for the company, saying that he (Bennett) was instructed to commence suit against him for an accounting, and asking where a summons could be served on him, or if he would authorize some one to appear and accept service for him.

"In reply, Mr. Irwin wrote from our office, and upon one of our letter-headings, a letter, of which we inclose a copy. Just as this letter was taken from the press, a boy from Bennett's office came in and served on Irwin a summons in a civil action against him.

"Mr. Irwin delivered the letter to Bennett's boy to be taken to his office, and afterwards called upon Mr. Bennett, when he (Bennett) informed Mr. Irwin that this action was brought because the company was afraid that he would make some further publications and wished to anticipate it, and that in all probability the suit would be dropped.

"The summons simply requires Mr. Irwin to appear in a civil action; no complaint was served, and we do not believe any ever will be.

"The fact is, so much has been said and threatened, that when Irwin was here the company felt obliged to save themselves as much as possible by going through what we believe to be the *form* of commencing suit.

"The next day Mr. Bennett also gave Mr. Crowell to understand that the suit would not be prosecuted, but was merely in anticipation of some action on Irwin's part, which they were induced to fear from his coming on and 'bearding the lion in his den.' This is Bennett's expression.

"Mr. Bennett also informed Colonel Irwin and Mr. Crowell that there was no necessity of Mr. Irwin's delaying his trip on account of this suit.

"After the service of the summons Mr. Irwin left the matter in our hands, gave himself no further concern about it, and quietly sailed for Liverpool in the steamer *Oceanic*, on the 29th August, in pursuance of his original intention.

"Our time to appear in the action will expire on the 16th instant, when we shall enter an appearance and demand a copy of the complaint.

* * * * *

"No criminal proceedings have been taken, and, in my opinion, there is no foundation for any.

"The officers of the company knew when Mr. Irwin was to sail. There was no concealment on his part, and the company had every opportunity, if they desired, to prevent Mr. Irwin from leaving; they had the power to do so.

"I think, therefore, it would be perfectly proper for you to insert a card in your local papers to meet the telegrams of the 31st ultimo, and that you can readily do so from the facts contained in this letter, and you may use the name of my firm as your authority for your statements.

"Very respectfully, yours,

"LEBBEUS CHAPMAN, JR.

"WM. N. OLMSTED, Esq.,

"San Francisco, Cal."

By the CHAIRMAN:

Question. Have you your check-book which you used in checking money out of the American Exchange Bank?—Answer. I have not, sir.

Q. Where is it?—A. I looked for it the last time I was in San Francisco, but could not find it, nor any of my other check-books prior to the organization of the firm of Richard B. Irwin & Co., in January, 1874.

Q. What was the last thing you did with it?—A. I put it away somewhere; it and my other old check-books all together.

Q. Do you remember putting this one away?—A. I don't think, in fact, that those checks were drawn from the check-book at all; I think they were drawn on loose checks, or else from a temporary check-book, I cannot remember which, but I think on loose checks. I was under the impression when I was looking for the check-book that those checks were drawn from the book.

Q. You mean to state, then, that you do not think the checks which checked this amount out of the American Exchange Bank were drawn from a check-book?—A. I think the checks for the bulk of it were not; although at the time I looked for the check-books I was under the impression that they had been.

Q. What leads you now to think that they were not so drawn?—A.

Simply that I have thought the matter over since and can recollect some circumstances more clearly than I did then.

Q. Do you think that any part of it was drawn from any regular check-book?—A. Yes; I am sure some of it was.

Q. About how much?—A. An inconsiderable amount. I should say that the total amount drawn out of a regular check-book would not exceed somewhere between \$50,000 and \$100,000, comparatively small items.

Q. Why was that sum drawn from the regular check-book more than the other?—A. After I got back to San Francisco, of course I resumed my regular check-books. In referring to the drawing out of this money I of course refer to the \$750,000; all my checks up to about the 25th of May, as well as all after my return to San Francisco, were drawn from either a temporary or a regular check-book; and the only reason why these checks, as nearly as I can remember, were not, was that I did not have the regular check-book with me. I was quite ill at that time, and I was not able to unpack things.

Q. Was the portion of the \$750,000 which you say was drawn from a regular check-book the balance which was left to your credit when you returned to California?—A. Yes, sir.

Q. All except that balance had been previously drawn out on irregular checks?—A. Don't say *irregular* checks—upon checks not belonging to any regular check-books.

Q. Have those checks been returned to you?—A. Yes, sir.

Q. Have you got them?—A. No, sir, I have not got them at all.

Q. Where are they?—A. They are destroyed.

Q. When were they destroyed?—A. They were destroyed in August, 1873, I think, just before I left San Francisco. They were destroyed in San Francisco.

Q. When were they returned to you at San Francisco?—A. Some of them were returned to me before I got to San Francisco, and when the transactions were large they were returned every few days, so as to adjust the balance of the account. The final checks were returned to me at different periods in San Francisco until I finally closed my account with the American Exchange Bank before leaving for England.

Q. How long did you keep them before you destroyed them?—A. I can't answer that, except by stating the date when I think I destroyed them. I think I can answer the question by looking at the bank-account and seeing when they were sent to me. I observe from the account-current just received by me from the American Exchange Bank that they returned vouchers to me—that is to say, canceled checks, on the following dates: About May 27, 1872, 10 vouchers for about \$380,000; at some time between May 30 and June 22, 4 vouchers, amounting to about \$400,000; between October 1 and October 23, 1872, 14 vouchers, about \$20,000.

Q. The returned checks you have been testifying about were from the \$750,000?—A. Some of them; they also include moneys belonging to me personally, and not in any way connected with the subject-matter of this inquiry.

Q. You hold in your hand your account with the American Exchange Bank?—A. Yes, sir.

Q. Have you any objection to showing it to the committee?—A. I have no objection to its being put in evidence ultimately if the committee wish to have it; but it includes a large number of transactions which have nothing to do with this matter. In order that the committee might be thoroughly satisfied, I have sent for my account from

the end of 1868 down to the end of 1872. I reserve, of course, my right to decline to put these accounts in evidence, after showing them to the committee, except in so far as they relate to the subject-matter of this inquiry.

Q. Will you cause to be taken from this account with the American Exchange Bank so much of it as covers the period about which we are making this inquiry?

The witness said he wished to consult his counsel before answering the question, and the answer was reserved.

Q. Had you an account or accounts with any other bank or firm in New York, covering the period we are inquiring about?—A. Yes, sir; I kept an account for a time with Musgrave & Company, bankers at 19 Broad street, which account I now show the committee, though it has no relation to this inquiry.

Q. Any other accounts?—A. I kept accounts with the National Metropolitan Bank in Washington, and the Bank of California in San Francisco.

Q. Have you the accounts with those two last-named banks?—A. I have sent for them, but have not yet received them.

Q. When received, will you exhibit them to the committee if required?—A. I will show them to the committee so far as they pertain to the subject of this inquiry, and I will allow the committee to examine them informally and decide for themselves what belongs to this inquiry.

Q. State the nature of your account with Musgrave & Co.—A. It is entirely a private account of the purchase and sale of stocks held by me as investments only, and not for speculation; it embraces no speculative transaction whatever. The aggregate amount of the transactions involved was \$58,994.46, covering the period from April, 1872, to October, 1872. Neither this account nor any portion of it, nor any of the funds embraced in it, bears any relation whatever to the subject-matter of this inquiry.

Q. Whom did you employ to help you here in procuring the subsidy?—A. Now, Mr. Chairman, I would like the committee to allow me until Monday to answer that question, so that I may have gone over all these accounts and separated the items, and prepared such a statement as will enable me, if I should decide to answer the question, to answer it not only intelligently and accurately, but in such a manner that my answer will stand the cross-fire of criticism from every quarter whatever; because the committee will easily see that it is neither for the interest of the public, nor of this inquiry, nor of the committee, nor of myself, that any statement which I make should be broken down, and that it is desirable, for every reason, that if I do make a statement to the committee, (which I should like to do if I possibly can,) it shall be a statement that will stand every test to which it may be subjected. For example, should I make, without due preparation, a statement which I should afterward be obliged to correct by a few thousand dollars more in this direction, or a few thousand dollars less in another direction, it would be met by contradictions and denials from various quarters, based either upon imperfect memory on their part, as against my imperfect memory, or upon something else; or, even should I be literally exact in my statement, but fail to fortify it properly, the committee will easily see what an immense advantage will be given to those who deny my statements, and at what an immense disadvantage not only I, myself, but the committee and the public, will be placed in the matter. I have had no opportunity of dissecting these accounts. It is necessary to have them all, for the purpose of comparing them, and

it is necessary that I should have the services of Mr. Center, who is an expert book-keeper, which I am not; for, although I was in the accountant's department at one time, I never could get a balance right at the first trial in my life, and for that reason I left it. With Mr. Center's aid, however, I think that by Monday or Tuesday, at the outside, I can get up such a statement as will be satisfactory to everybody, if I should finally conclude to submit it.

Q. My inquiry does not embrace any money that you paid to anybody, but only the persons whom you employed to aid you in procuring the subsidy; can't you tell that to-day?—A. I would like to have until Monday to think over that whole question. That is not asking too much of the committee. I scarcely have had any time to think of these questions. When I began upon the subject my mind was almost a blank, owing partly to my injury and partly to my not having given any thought to it for a long time; and if the committee can grant me the indulgence I ask, I think it will be for the interest of everybody concerned. I think I have shown, so far, a desire to do all that the committee wanted, to the extent of my power, and I would like to do so now.

[The committee having spent some time in consultation,]

The CHAIRMAN. This subcommittee, Mr. Irwin, are disposed, so far as possible, to meet you in the same spirit in which you appear before them. They have been gratified at the disposition you have manifested so far, and they would wish to grant what you ask, but they are embarrassed in this way. They have spent a good deal of time upon these preliminaries; the general committee is somewhat impatient about it; we have a short session of Congress at most; we have a recess that will begin, probably, on Wednesday next; we did hope to get through with the whole examination, if possible, before the recess; we do not want this to run over and be the subject of shuttlecock and battledoor in New York during the recess; we want to close the matter up before that time, and we do not see how that can be done if we wait for you until Monday, because the other witnesses must be examined before Wednesday. We are willing, however, to wait until to-morrow morning; and we think that, having your counsel and your accountants here, you can be prepared by that time to answer us these questions.

The witness assented to the arrangement, and promised to do the best he could to get ready; and accordingly the examination was suspended until Saturday, the 19th instant, at 10.30 a. m.

WASHINGTON, *December 19, 1874.*

Examination of R. B. IRWIN continued.

By the CHAIRMAN:

Question. Whom did you employ to help you here in procuring the subsidy?—Answer. A number of persons, but not any one subject to the jurisdiction of this House to the extent of this question.

Q. Please give their names.--A. I shall be obliged, very reluctantly, Mr. Chairman, to decline giving the names of those persons, upon several grounds. I have endeavored up to this point to give the committee every information and every assistance in my power; and I wish now, for my own sake, as well as to please the committee, that it were in my power, consistently with what I conceive to be my duty, to give these names; but after careful reflection I have satisfied myself that I have no right to do so. I decline to answer the question upon several

grounds, which I am prepared to state; but before stating them, I declare that I did not employ, in this connection, any Senator or any member of Congress, or any officer of the present Congress. I decline to answer upon the grounds—

First. That the resolutions referring this matter to the committee do not give the committee jurisdiction over the subject-matter to the extent of requiring an answer to that question, (that, of course, I do not know; I make that point only formally;)

Secondly. Having stated that I did not employ any person under the jurisdiction of this Congress to the extent of this inquiry, and there being nothing in the testimony, as far as I am acquainted with it, to negative that statement, and it being impossible in fact to negative that statement; and, moreover, there being already sufficient testimony in possession of the committee, furnished by myself and others, to convince any reasonable man, (and consequently to convince the committee, composed exclusively of reasonable men,) that a large sum of money was appropriated by the Pacific Mail Steamship Company for the purpose of procuring the subsidy, and that the money was used for that purpose, I decline to answer upon the further ground that neither the committee nor the House of Representatives has any jurisdiction over the subject-matter; and that if the committee had jurisdiction over the subject-matter, that jurisdiction has now been exhausted by reaching the point in the testimony which I have stated;

Thirdly. I decline, upon the ground that this entire matter having arisen and been completed in a prior Congress, so far as my connection with it is concerned, the committee and the House of Representatives are without jurisdiction over the subject; and

Fourthly. I state what is, in my mind, the gravest and the controlling reason for my declining to meet the wishes of the committee, which is, that I have no right, as an honorable man, to disclose the particulars of any confidential relation existing between myself and any other person whatever, and especially in relation to a subject not within the jurisdiction of the House of Representatives, as I have already stated that this subject is not.

I submit these points to the committee with great deference. I wish, as I have said already, that it were in my power to answer as they wish.

[The first paragraph of the foregoing answer having been read over to the witness, at his own request the witness, after consulting his counsel, said:]

I desire to correct my answer by adding after the words "or any officer of the present Congress," in the second last sentence of the first paragraph, the words "who was a member or officer of the Forty-Second Congress;" so that the last clause of that sentence will read: "I declare that I did not employ, in this connection, any Senator, or any member of Congress, or any officer of the present Congress, who was a member or officer of the Forty-Second Congress."

Q. Do you insist upon declining to answer the question put to you?—

A. I do so, Mr. Chairman, most respectfully.

Q. Without waiving that question, and insisting upon its answer, I desire to put another: Will you state to the committee what portion of the \$750,000, which you have testified you received from the Pacific Mail Steamship Company to use in procuring the passage of the subsidy, you put in the hands of other persons to aid you in that work?—A. I paid the whole of that \$750,000 to other persons.

Q. Will you state what was the largest sum you paid to any one per-

son for that purpose?—A. Mr. Chairman, I think I shall have to decline answering that, for the reasons stated.

Q. Without waiving these questions, but insisting upon them, I ask you to state how many persons you employed to aid you in procuring the passage of the subsidy?—A. I think I would answer that question if I could recollect the number, but I really don't remember; quite a large number; I should say, off-hand, as many as twenty or thirty.

Q. Do you mean to say that your engagement of persons to aid you in procuring the passage of the subsidy through Congress for the Pacific Mail Steamship Company was of such a secret and confidential character that you cannot honorably disclose it?

Mr. CHAPMAN, (of counsel for Irwin.) I object, at this stage of this proceeding, and instruct the witness not to answer that question, as it is outside of the jurisdiction under which this inquiry was directed.

The WITNESS. I decline to answer that question, upon the ground that it is beyond the jurisdiction of the committee, under the resolution by which this inquiry was ordered; and upon other grounds.

Here the committee adjourned.

WASHINGTON, D. C., *December 21, 1874.*

RICHARD B. IRWIN re-examined, before the full Committee of Ways and Means.

By the CHAIRMAN:

Question. Whom did you employ to help you in procuring this subsidy for the Pacific Mail Steamship Company?—Answer. I never paid, nor agreed to pay, nor had any understanding with any other person that he was to pay, any money to any member or officer of the present Congress and of the Forty-second Congress, or to any person under the jurisdiction of this House to the extent of this inquiry.

Q. Please give the names of those whom you did employ to aid you in procuring this subsidy.—A. I shall be obliged, very reluctantly, to decline to answer that question, for the reasons which I gave on Saturday, and for additional reasons, which I desire to give this morning.

Q. Do you adopt as part of your reasons the answer which you made on Saturday last?—A. Yes.

Q. What other reasons do you desire now to give besides those which you gave on Saturday?—A. I wish to add to the preliminary declaration which I made on Saturday this clause: I have never paid, or agreed to pay, or had any understanding with any other person that he should pay, or agree to pay, any money in this connection to any member or officer of this House who was a member or officer of that House, and I have no knowledge of such payment being made or agreed to be made.

And now, having seen four papers furnished to me by the committee, to wit: A resolution passed February 20, 1873—that is to say, during the Forty-second Congress; a resolution passed March 3, 1873—that is to say, during the Forty-second Congress; a resolution offered by Mr. Milliken on the 3d of April, 1874, and referred to the Committee on Ways and Means and not passed by the House of Representatives, and upon which no further or other order was taken by the said House; all of which documents or resolutions are now communicated to me by the Committee on Ways and Means, at my request, as being the resolution or resolutions, order or orders, under which the said Committee on Ways and Means are, or profess to be, acting, I now desire to add to the above four reasons a fifth reason for declining to answer, all of the other reasons remaining valid and binding.

Fifthly. I decline to answer this question for the reason that the Committee on Ways and Means is not authorized and empowered by any resolution or order of the House of Representatives, or otherwise, to ask it.

Q. You insist on declining to answer the question put to you?—A. I do insist on declining.

Q. Without waiving that question, but insisting on it, I desire to put another question: State to the committee what portion of the \$750,000 which you have testified you received from the Pacific Mail Steamship Company, to be used in procuring the passage of the subsidy, you put in the hands of other persons to aid you in that work?—A. In the form in which that question is put, it is impossible to give a categorical answer to it. I *paid* the whole of that \$750,000 to other persons, whom I employed, in consideration of their services.

Q. State what was the largest sum which you paid to any one such person for that purpose.—A. I must decline to answer that question on the general grounds stated before, and on the special ground that it relates entirely to private transactions between myself and other persons, not under the jurisdiction of this House to the extent of this inquiry, and relates to a subject-matter which is not now under the jurisdiction of this House.

Q. Without waiving these questions, but insisting on them, I ask you now to state how many persons you employed to aid you in procuring the passage of this subsidy.—A. I think I answered that question before to the best of my knowledge and belief.

Q. What is your answer to it now?—A. It was quite a large number of persons. As nearly as I can recollect, without going through papers which are not now in my possession, I should say perhaps twenty or thirty persons.

Q. Are there any papers in existence which will show the number of persons so employed, or the character of their employment?—A. I think not.

Q. Have there ever been such papers in existence?—A. Not to my knowledge.

Q. What did you mean by saying that, without being able to refer to papers not now in your possession, you were unable to answer the question?—A. I suppose that by referring to papers which are in my possession somewhere—that is to say, some of them in San Francisco and some of them here—I could refresh my memory to such an extent as to be able to make out a complete list of all the persons employed by me. I cannot do so to-day.

Q. What are the papers to which you allude?—A. To answer the question would push my memory beyond its limits.

Q. Can you give us the character of the papers to which you allude?—A. Yes. I would give my bank-account, which I showed to the committee the other day, as one of the papers.

Q. Will your bank-account disclose the number of persons and the character of the engagements, or either?—A. I cannot tell without an examination of it. I should think it would give an approximation to the number of persons. [After reflection.] But, no; it would not do that. It would not give even an approximation to the number of names, because some of the gentlemen whom I employed also employed other counsel to assist them. Suppose, for example, that one counsel employed five others to assist him, that would make six persons, and my check would simply show the one person.

Q. Have you any memorandum or writing anywhere that gives the names of the persons so employed?—A. I have no memorandum which

gives the names, but I have recently seen one which gives a portion of them.

Q. Will it show the amount of money which you put in the hands of those persons, respectively?—A. I object to the phrase "put in the hands of" in any other sense than as payment for services. I do not think the phrase is justified by the testimony.

Q. Will you produce before this committee papers showing your transactions to any extent with any person so employed?—A. The only paper I have seen of the character alluded to is a memorandum in the possession of one of my counsel, made by him, he being attorney and counselor-at-law, who is not now and never has been an officer or member of this House; and it contains a list of persons who are not subject to the jurisdiction of this House to the extent of this inquiry.

Q. Are they persons who were employed to expend any portion of this money?—A. No, sir; they are persons who were paid for their services.

Q. Are they persons into whose hands came any portion of the \$750,000 received by you from the Pacific Mail Steamship Company for the purpose stated by you?—A. Yes, sir.

Q. Will that memorandum show what portion of that \$750,000 came into the hands of each of those persons, respectively, as far as it goes?—A. It will show the amount paid to each of those persons for his services, as far as it goes.

Q. Will you furnish the committee with that memorandum?—A. I cannot furnish that memorandum, for the reason that it is not in my possession, and never has belonged to me, but only to my counsel. None of the persons named on it are under the jurisdiction of this House, to the extent of this inquiry, to the best of my knowledge and belief.

Q. Do you mean to say that your engagement of persons to aid you in procuring the passage of the subsidy for the Pacific Mail Steamship Company was of such a secret and confidential character that you cannot honorably disclose it?—A. No, sir; I mean to say that my relations with the attorneys and counsel whom I employed were of such a confidential character that—they and each of them and I being outside of the jurisdiction of this House so far as this inquiry is concerned—this House has no right to compel me to answer.

Q. Do you mean to say that you employed no person but an attorney-at-law?—A. No, sir; I think I employed others.

Q. Were your engagements with such other persons of such a secret and confidential character as that you cannot honorably disclose them?—A. They were precisely of the same character as that with the others.

Q. Will you disclose those relations to this committee?—A. I decline to do so for the reasons which I have stated.

The CHAIRMAN. Then we will excuse you for the present.

The WITNESS. I am in a very weak condition; and I most respectfully submit that the committee has crowded my memory this morning, and I would like very much, as a special favor, to be allowed to revise this portion of my testimony, because I may desire to correct it. Some phrases that I have used may be a little too strong.

The CHAIRMAN. Such portions of your testimony as the committee may desire to submit to the House you will be permitted to revise.

By Mr. NIBLACK:

Q. Are you an attorney and counselor-at-law by profession?—A. I am not.

NEW YORK, FIFTH AVENUE HOTEL,
December 28, 1874.

The subcommittee of the Committee of Ways and Means met at 10.30 a. m. Present: Mr. Burchard, the chairman, Mr. Beck, Mr. Kasson, and Mr. Niblack.

Mr. Clark Bell, at his own request, was permitted to appear as the attorney of the Pacific Mail Steamship Company.

GEORGE S. COE sworn and examined.

By the CHAIRMAN:

Question. Are you president of the American Exchange Bank?—

Answer. I am.

Q. How long have you been president of the American Exchange Bank?—A. I have been an officer of the bank nearly twenty years, and president some fourteen years.

Q. Do you know Richard B. Irwin?—A. I do, sir, very well. I have known him, I think, five or six years.

Q. Has he, during that time, had an account with the American Exchange Bank?—A. He has had during part of that time. I hold in my hand an abstract of his account. It is not the whole of his account, but it goes back to 1868, and it shows that he had an account in the bank anterior to 1868. The balance is brought here from November, 1868.

Q. Did he have an open account with the bank during the year 1872?—A. He did.

Q. Prior to the month of February, 1872, was that account closed and balanced?—A. As these inquiries are naturally tending to the details of Mr. Irwin's account, I think it is proper that I should make a remark to the committee. As you, gentlemen, are aware, there is a confidential relation between a banker and his customer which would ordinarily prevent any gratuitous exhibition of the customer's account. But as I have looked over the testimony of Mr. Irwin as it is printed in the newspapers, I perceive that he has already either offered to show or shown this abstract to the committee, so that I am relieved from any embarrassment of that kind. I merely make this remark, so that I may not appear to show a too willing disposition to exhibit this account.

Mr. KASSON. Not only that, but, under the law as it stands, a witness under oath must answer as to such matters.

Q. Was the account-current of Mr. Irwin with the American Exchange Bank closed prior to February, 1872, and then re-opened by deposits?—A. [Referring to the abstract.] This account, like all other accounts, is closed from time to time by a balance, which is carried to the new account, and I see the account goes on until it is closed by a new balance carried down to March, 1871, and it was again balanced and vouchers returned on February 13, 1872.

Q. What balance remained to the credit of Mr. Irwin on the 13th of February, 1872?—A. The balance carried down on February 13th seems to be some \$15,000.

Q. Prior to that time had the account been balanced—that is, the amount that was to his credit drawn out?—A. Not at all, sir; there remained a balance of that sum. Our desire in the bank is to have accounts closed frequently, in order to test the accuracy of the accounts. It is rather a rule of ours.

Q. But I understand you to say that, during that period, there remained a balance to his credit?—A. Yes, sir; on the 13th of February I per-

ceive that the vouchers prior to that were all returned—forty-five vouchers returned, and a balance shown of some \$15,000.

Q. Was his account with the bank closed at any time subsequent to that period between then and now?—A. This abstract shows that the account was closed on December 19, 1872, by a remittance to San Francisco of some small amount. The account reads “balance invested in San Francisco funds by direction of his letter of 7th instant.”

Q. What was the balance?—A. Some three or four hundred dollars. That was after he left New York.

Q. Will you hand the committee a copy of the account between R. B. Irwin and the American Exchange Bank, embracing the period from February 14, 1872, to December 19, 1872?

The WITNESS. I submit to the committee whether, as a matter of official propriety as a banker, I ought to do so.

Mr. BELL. I suggest that the account be limited to the period ending on the 14th of February, 1872.

Mr. KASSON. The attorney of the steamship company will please not to interrupt the committee at present, as he is here only by courtesy.

The WITNESS. This is a copy of the abstract of the account which Colonel Irwin himself requested—from whatever date he requested—and in sending it to him we took care to take a copy of it, and this is the copy, which I believe has been carefully verified.

The CHAIRMAN. In reference to your objections in answering these questions about this account, I will state that the same question has arisen before the committee heretofore, and we have unanimously decided that a witness was bound to answer such questions.

The WITNESS. The decision of the committee is quite sufficient for me.

Mr. KASSON. Will you then submit to the committee a copy of the account of R. B. Irwin with the bank of which you are president, covering the period from February 14, 1872, to December 19, of that year?

The WITNESS. I will, sir; here it is.

[For account see appendix, Exhibit A.]

By the CHAIRMAN:

Q. Look at the checks now submitted to you, (being the same checks which were shown to Mr. Hatch and Mr. Irwin, Nos. 2360 to 2365, inclusive, and dated May 24, 1872,) and state whether they were deposited in your bank?—A. As president of the bank I do not think I am personally able to answer that question. I wish the committee to understand that it is not my official business to attend to the details of this sort of thing. I can only say that that number, “twenty-one,” which appears on one of those checks, is the number of our bank in the clearing-house. On one of these checks that number appears very distinctly; on another it seems to be dim, but I believe it is the same number.

Q. That number is on four of the checks?

A. It is on two of them, that for \$650,000 and that for \$50,000. Here is one that has the “1” on it, but the “2” is obliterated, or at least indistinct, and I should not undertake to testify positively to that. This check for \$10,000 has no stamp upon it.

Q. Look carefully.—A. This one [number 2361, \$10,000] has upon it “May 29, 1872, American Exchange National Bank, paid.” That shows that it went through the hands of a different teller from these other numbers, 2363, 2364, and 2365. Here is another of the same kind for \$5,000, [number 2360,] and it has upon it “American Exchange Bank, May 29, 1872, paid;” that went through the same department as the

\$10,000 check. This one, [number 2362, \$10,000,] has the number "21" upon it, which indicates that it passed through our bank.

Q. The total is how much?—A. Seven hundred and fifty thousand dollars.

Q. Look at the account and see whether Mr. Irwin did not deposit \$735,000 on the 25th and \$15,000 on the 29th of May, 1872.—A. Here is the \$25,000; it has the "1" on it without the "2." Undoubtedly the "2" is there, but you see it is not sufficiently distinct. Here is the \$10,000, which has the "21" upon it very clear. That makes \$35,000. Now here is the \$650,000, which is marked "21," and the \$50,000; that makes \$735,000. I can only say that he deposited that sum, which appears there, and I believe these to be the checks which constituted it.

Q. Give the numbers and amounts of the checks.—A. Number 2364 is \$50,000; number 2365 is \$65,000; number 2362 is \$10,000, and number 2363 is \$25,000. Those four checks make an aggregate of \$735,000. The other two checks came through a different teller of the same bank. The only way I can identify those checks is by the "21" upon them; but these, the \$5,000 and the \$10,000 checks have the stamp in print, "American Exchange National Bank." They went through the bank on the 29th, the day they were paid to our account, and the day of their credit, and therefore I have no doubt whatever that these two checks constitute that sum of \$15,000. Number 2360 is the \$5,000 check, and number 2361 is the \$10,000 check.

Q. From your knowledge of the course of business in the bank, or in the banks of New York, can you state to the committee in what manner those checks were presented to your bank, as you say they came through different departments?—A. Those marked "21" were presented in the regular way to the deposit-department—the receiving teller—whose business it is to take regular deposits from city customers.

Q. Those went through the clearing-house?—A. Well, they all went through the clearing-house; but the other two checks were deposited in another department of the bank, with an officer whom we call the note-teller. He receives remittances from out of town.

Q. Have you any personal knowledge whether these checks were deposited by Mr. Irwin in person, or by some one for him?—A. Yes, sir; I can tell you a circumstance which enables me to answer that question. Colonel Irwin came into the bank one day, as I distinctly recollect, and came into my room and made some remark to me of an ordinary character, having no reference to business at all, and then went out, and as he passed the receiving-teller's desk, in a very cool, nonchalant way, threw down his bank-book with this deposit of \$735,000, and passed out. After he had gone the receiving-teller reported to me the fact of this deposit, remarking that it was an extraordinary sum to be deposited by Colonel Irwin, and I was quite startled. It was about the time when there was a great deal of excitement prevailing in respect to locking up greenbacks; and I inferred, without knowing anything about it, that this had some relation to some stock operation, and possibly some relation to a trick of that kind—a thing that is very odious to me—and I asked the young teller why he had not notified me promptly when the deposit was made. He replied that, seeing Colonel Irwin come from my own room, he supposed that I knew all about it, and that answer I thought was quite sufficient to excuse him, for it seemed very natural. As I have said, I was startled at the largeness of the deposit by Colonel Irwin; but the deposit had been made and the man had gone, and I did not think there was any official propriety in my pursuing a customer and seeking to know more about it, as the bank in its regular course of business had

taken the money. Therefore, I said to the teller, let it pass now, but be very careful and watch the operation of this check. See who draws the money, so that we may avoid complicating this bank with any such operations as are now going on in the street. And with that remark I dismissed the subject for the day. The next day I directed the tellers—all of them—to report to me how that money was drawn, whether in bank-notes or in any other form. The next day passed away, and none of it was drawn at all; and the next day, I believe—I am not quite sure about the time, but if you will let me see the account-current I will tell you the number of days—there was nothing drawn against this large sum, and it still remained to the credit of Colonel Irwin, which was quite mysterious to me. The deposit was made on the 25th of May, and nothing was drawn against it except a small sum, and it gave an unusual significance to the transaction in reference to the financial interests of the country. I heard nothing about it at all. It appears by the account-current that there was a check drawn for \$125,000 on the 27th of May, and another for \$100,000, and another for \$100,000, making \$325,000 drawn on the 27th. In this statement I am not going into the small amounts. In looking over the book to see how these were drawn, I found that these three checks, for \$125,000 and \$100,000 and \$100,000, were drawn over the counter by the presentation of checks made payable in money, to whom I have no possible means of ascertaining. I looked over our books and I simply saw that those checks were paid in money, paid in what we call the “afternoon,” after the clearing-house operations, through which large exchanges of checks are made. After that is the period of the day when we make no exchanges with banks, and these three checks must have been paid over the counter in money, but to whom we have no means of ascertaining. The checks for \$125,000 and \$100,000 were paid by the regular paying-teller in money, and the other one for \$100,000 was paid by the note-teller, the teller whose business it is generally to receive rather than to pay. I cannot at present explain how it happens that this \$100,000 check was not paid like the other two checks. But so it is. The records of the bank show that to be the fact.

By Mr. KASSON:

Q. Does that indicate that that check went to pay any other paper?—

A. That would be the natural supposition, sir; but I do not find that it did. I presume the only explanation of that thing that I can make is that there are times in the bank when a large accumulation of notes and currency occurs in one department rather than in another; that is to say, the paying-teller may not have received in the regular course of business a large enough sum to pay checks of this magnitude, which are, of course, very unusual, for it is a very rare thing that you pay \$100,000 over the counter in any bank in New York. My inference, therefore, is that the note-teller, having received a large amount of money, must have been applied to to pay this check. At all events, it appears to have been paid by him, and it is quite proper that it should have been so paid, only that it is not according to the regular routine of business. In these three large checks I find the sum of \$325,000, leaving out of account the smaller, which are of no consequence. This brings us to the 29th of May. These payments were made on the 27th, the deposit having been made on the 25th. Then on the 29th of May two strangers came into the bank, gentlemen unknown to me or to any one there. They presented themselves first at the paying-teller's desk and handed him two checks, one for \$275,000 and another for \$115,000. I saw those

checks at the time, and to the best of my recollection they were drawn by Col. R. B. Irwin, either to his own order and indorsed in blank, or drawn to his own order with an indorsement over his own indorsement "pay to bearer" or "payable to bearer." My impression is that they were drawn "R. B. Irwin, pay to my own order," and indorsed in blank, which made the checks payable to bearer. The two gentlemen presented them and demanded payment in currency. The teller, startled by the largeness of the sum, was unwilling to pay them without some identification, which the gentlemen refused to give. The teller then referred them to the officers' room in the rear of the bank, and they went to the assistant cashier, who sits by me, and he also had the same apprehension or reluctance to pay these large amounts without some identification of the gentlemen who presented the checks. The two gentlemen were then referred to me, and hearing them very emphatic, for I had overheard part of the conversation, I asked them to sit down and explain to me what the matter was. They said in substance—for of course it is impossible for me to recollect any words that were used—they said in substance, we have two checks on your bank, and they refused to pay them. Said I, "Let me look at them, gentlemen." They handed the checks to me, and I looked at them. One of them was for an amount over \$200,000—as to that my memory would serve me without any assistance—and the other was over \$100,000. I see by the account-current that one was for \$275,000 and the other for \$115,000. I said, "Now, gentlemen, you know these are very large sums of money," and one of the gentlemen remarked, that is not a large sum. I said, "Sir, \$275,000 we consider in New York to be a very large sum;" and he answered, "We handle larger sums than that," or something to that effect. I then said to them, in substance, "Now, gentlemen, there is a courtesy due between gentlemen, and there is a certain obligation which every man owes to the community in handling large sums of money, and which men who are engaged in these large transactions owe to each other to take care of each other, and on that general ground I ask you to identify yourselves, simply that I may be sure that I am not paying a forged check." The answer of the gentlemen was something like this, or to this effect, that they had reasons for not wanting to be identified, and they declined to be identified. I saw that I was officially in a corner, because I could not fail to recognize the right of any man to preserve his incognito if he chose to do it, nor the right of any man to demand money for a check payable to bearer. That, of course, is an unquestionable right, and the only ground on which I could refuse was by saying these checks are forgeries, which I was not prepared to do. I had looked at them and at the signatures with unusual attention, and I was perfectly satisfied that they were genuine; and I did not want to belittle myself by being unnecessarily hypercritical, so I resolved to do the next best thing that I could to protect the bank. Therefore I said, "Gentlemen, how do you propose to use this large check? If you are going to use this in a bank, you can relieve me from all embarrassment." And the gentleman who had presented the large check said, "Yes, I am going to use it in a bank." Said I, "Then have it certified, and you can deposit it, which will save you and us the trouble of counting this large amount." And he assented. So I directed the check to be certified, which accounts for its being drawn on the 29th of May. Then turning to the other gentleman, I said, "How do you want yours?" He said, "I want mine to-morrow morning in money." I said, "Come in to-morrow morning, and you shall have it." As to the first check I felt this assurance in certifying it, that if it

were deposited in another bank and it proved to be wrong in any way, I could discover the forgery if it was a forgery; and my action was simply an extraordinary precaution in paying an extraordinary sum—the whole thing was very exceptional. The next morning the two gentlemen came in, (I think they came in together,) and without any hesitation at all I said, pay this check to this gentleman, (the check for \$115,000,) and at the same time, for the purpose of protecting myself as much as possible, I directed the police officer whose business it is to go around among the banks in this particular district, to see this gentleman and bring me word where he went. I had had an opportunity of reflecting upon the matter over night, and the bare possibility of our paying a forged check of this magnitude was, of course, a little startling to me; so I said to this officer, Mr. McDougall, whom I knew to be a very discreet man, when we pay a check this morning, as I will tell you, you ascertain whether the party who receives it is a respectable man, so that we may know that it is not a forgery. Bring me that assurance; that is all I want. And he said I can do that. The check was paid and the gentleman went out, and Mr. McDougall, the officer I speak of, took such a course as he chose to take in order to be able to bring the assurance I wanted, and in fifteen or twenty minutes he came back and informed me that that gentleman to whom this \$115,000 check was paid went from our bank into the Park Bank, and there went to the officers' room and had some conversation, and went thence to the note-teller and paid a note, and then went down street and into the Equitable Insurance Company's building, and went up in the elevator, where he lost him. I said that is all I want you to tell me, and I dismissed him, he having performed his duty.

Q. Which of the checks do you now speak of having traced in this way?—A. The \$115,000 check, which was paid in money. I then directed our assistant cashier, who sits by me now, to go to the Park Bank with a note which I gave him, requesting the president of the bank to answer a confidential question which our assistant cashier would ask, in order to assure me that a certain check which we had paid was paid to a respectable man. The assistant cashier came back and reported to me that the gentleman who had come into that bank, gone to the officers' room, and afterward around to the note-teller, as detailed by the police officer, was named King, and that he had been postmaster, or something of that kind, to the House of Representatives formerly.

Q. That was added in the conversation?—A. That was the report made to me at the time. I remarked to our assistant cashier, "This relieves us, I think, of any solicitude in respect to those checks; and that is all our interest in it. You had better take a memorandum of this name, so that if it should by any possibility be required at any time you may know it." And with that remark I dismissed the whole thing, and my connection with the matter ended. In some way, I cannot now recall how, the name of the Northern Pacific Railroad was brought to my notice in connection with these men; and before the police-officer left, he stated that this gentleman had gone up in the elevator in the Equitable building, and that he, not desiring to go into the elevator with him, went up the stairs, but failed to see him again, and, therefore, supposed that he had gone into some office. In some way the name of the Northern Pacific Railroad was mentioned to me just at that time, and in that way the name of the office of that company was suggested to me in connection with that gentleman; so I said to the officer, "Go up to the Northern Pacific Railroad office and see if the gentleman that is paid this check to was there;" and he went, and came back and reported,

"The gentleman is sitting there reading a newspaper." With that report I dismissed the whole subject from my mind, so far as the \$115,000 check was concerned. Now, I will go back to the \$275,000 check. Having, as I have already informed the committee, certified the check for \$275,000, the next thing was to ascertain the following morning how it was paid; so I inquired what bank had sent the \$275,000 check in, and the answer of the clerk was, "the Marine Bank of New York." I then requested our assistant cashier to go down to the Marine Bank and ask the officers from me (I think I gave him a note to the officers, as in the case of the Park Bank) whether the person to whom that \$275,000 check was paid was a respectable party; whether the officers of the bank knew him, so that I might feel assured that it was all right. The word came back to me that the party was a very respectable party; that the cashier knew all about it, and if it was necessary he would tell me, but that I could be assured that the check was all right. I then dismissed the whole subject from my mind, as it was none of my business to pursue it further.

By Mr. BECK:

Q. What officer of the Marine Bank sent you that word?—A. The assistant cashier of our bank, who sits here, came back with that report. It was a verbal communication, but it was satisfactory. What I have now stated to the committee disposes of the whole \$735,000, or the bulk of it. These smaller checks, one of \$8,000, one of \$19,000, and one of \$16,000, I do not remember anything about; I gave them no attention, because the amounts were comparatively unimportant. I see that two of these checks were certified, that for \$19,000, and for \$16,000. That letter C means that the check was certified.

By the CHAIRMAN:

Q. Are there any data accessible that would give you, or give the committee, any information as to how those checks were paid?—A. I do not know. I have not examined that subject; our books would simply show an entry, "R. B. Irwin," showing that those checks were certified on that day, and that they came in through the clearing-house on the following day; I do not know whether we could ascertain how they were paid—how possibly we could. They were presented at the paying-teller's desk for certification. It is his business alone to certify checks. No other person certifies them.

Q. What is the name of the cashier of the Park Bank?—A. J. L. Worth.

Q. Had Mr. Irwin any business with the bank in the discounting line?—A. We never had discounted paper for him. I think I did explain how that might be. It is not perfectly clear to my own mind yet, until I investigate it further. The explanation satisfied me from my knowledge of the routine of business.

By Mr. KASSON:

Q. You have explained particularly with reference to these two checks, one for \$275,000 and the other for \$115,000, which make \$390,000. Can you, by reference to the accounts or by resort to your memory, give us any information as to any particular payments made out of this large deposit besides those you have spoken of?—A. No more than what I have stated. It is impossible. I can only infer from the records of the bank that they were paid at the counter, and we must have taken the ordinary precaution to identify the parties to whom they were paid,

whoever they were. My inference would be, if that is of any consequence, that Mr. Irwin must have drawn that money himself.

Q. For example, under date of May 27, 1872, two days after the deposit appears to have been made, there is a payment of \$125,000, which is also a large sum. Have you any recollection about that?—A. None at all, sir.

Q. Nor of the payment of the \$11,500 following, nor of the \$100,000 following that?—A. No, sir; of neither of them.

Q. Nor of the \$10,000 check again following that?—A. No, sir; nor should I naturally be informed as to any of those payments from my official position in the bank except for the unusual circumstances that I have detailed.

Q. There appears by this account to have been paid on May 27, two days after the deposit, \$375,000. State what part of that sum appears to have been paid in cash over the counter, and what by certified check or otherwise. I ask now in reference to the two items appearing there under date of May 27.—A. You include the \$19,000?

Q. All the payments made on May 27.—A. Those payments amount to \$379,000 in all. I can only tell you that a check of \$19,000 was certified, and, of course, was not paid in money. The others must have been paid in notes over the counter. That seems to be the record of the bank, and I believe it was so, but I have no knowledge of it whatever.

Q. You have no recollection touching any of those payments particularly?—A. None whatever. The routine of the bank would not require it.

Q. You speak of two strangers who appeared on May 29 with two checks, respectively, of \$275,000 and \$115,000. State, as nearly as you can, the appearance of those men.—A. Well, that is a difficult thing, sir. It is nearly two years since, and their appearance has faded from my memory somewhat. I should say they were pretty stout, burly men. My impression is that they were both quite stout men.

Q. Was one taller than the other?—A. Not very much. Neither of them could be characterized by anything striking, except general robustness, as if they had been well kept. They were not of your kind or mine—nervous, lean men; they were rather stout and burly.

Q. What should you judge as to their weight?—A. I could hardly tell you anything about that.

Q. Was there any difference between the complexions of the two that you can remember?—A. I do not think that my power of delineation is equal to the task of describing them. I should hardly like to venture upon it before a committee so grave as this.

Q. Can you say anything as to the color of their whiskers or of their hair?—A. No, sir; but I think that I remember one of the gentlemen, and would recognize him if I saw him again.

Q. You cannot further identify them than to say that they were stout, burly, and a healthy character of men?—A. Not particularly. I think one of them was a little shorter than the other, and my impression is that one of them was younger than the other.

Q. The man who got the \$115,000, was he the younger or the older of the two?—A. He appeared to be the elder of the two; I think he was a little more conciliatory than the other; the other was more abrupt and determined.

Q. Which of these gentlemen was it that said that this was a small sum, or not a large sum?—A. The one that had the largest check, I think. He protested that this was a small sum. I want to say to the committee one thing, that in the whole course of my experience, which has

been of a great many years, I have never had occasion to resort to means like this to identify a man, nor should I have done so in this instance, but for the peculiar circumstances of the case. It is not a very gentlemanly way to pursue an inquiry, but it was necessary for me to protect the bank against the possibility of these large checks being forged, and inasmuch as it was not gentlemanly on their part to refuse to identify themselves, I thought that I was justified in taking the course that I did. My justification lies in the fact that my action was taken for the protection of the bank. There was nothing inquisitorial in the proceeding at all; it was simply for the purpose of protecting the bank.

By Mr. NIBLACK:

Q. On their part, then, it was a very unusual proceeding?—A. Very unusual indeed; I never heard of such a thing.

Q. I believe you have stated that it was your custom to require identification of persons presenting checks for large sums?—A. A check payable to bearer, I conceive, is a check payable to whoever presents it, and I really have no right to inquire into the matter any further than he is disposed to tell me from gentlemanly courtesy. If you present a check payable to bearer at a bank, they have no right to challenge you, as I think; "bearer" is your name; but if a check is of extraordinary magnitude, and the dangers of handling large sums in this city being what we all know them to be, I considered it proper that the party taking the responsibility of paying the check should guard himself, and secure the bank by every proper and possible means.

Q. You regarded these as sums sufficiently large to require that some such protection should be taken?—A. I did.

By Mr. BECK:

Q. Even if a check is presented, payable to bearer, and the man who presents it has the right to be "bearer," still, of course, it is your duty and privilege to see that the name of the drawer of the check is genuine?—A. That is so, because it is a well-settled principle of law that a bank has no recourse for a forgery—that a bank is always understood to be responsible for the genuineness of its signatures.

Q. To protect the bank against forgeries you are careful?—A. Yes, sir; that is all that I know of this case. The matter would not have gone to the lengths it did, but for the refusal of those gentlemen to do what I thought reasonable and fair to the bank.

Q. I observe that the account of Mr. Irwin, from 1868 up to this time in 1872, was comparatively small.—A. It was nothing approaching its magnitude after this deposit, and, as I have already stated in my previous answers, I was somewhat startled on that account.

Q. And the sums drawn out against his deposits, up to that time, were comparatively small?—A. Yes, sir; and it was that known fact that drew my attention to this matter.

Q. That made his large deposits and large drafts significant?—A. Yes, sir; and also the manner in which it was done was very significant.

Q. His account was converted by that large deposit from an ordinary to an extraordinary account?—A. That is it, sir.

Q. I think you stated there was something in the manner of Irwin's original deposit of this large sum which was out of the ordinary course. I think you said that in making the deposit he laid it down in a nonchalant way?—A. Well, as I said before, it is an extraordinary thing for a man to make a deposit of \$750,000 in this city, and I thought it was remarkable and significant.

Q. He had called on you a few moments before making that deposit, but had failed to mention the fact that he was going to make it?—A. Yes, sir; he made no remark that was unusual. A man having \$700,000 in his hand to deposit would probably be very much absorbed by that fact; at least I should myself.

Q. You did not personally see any of the men who drew the first three large checks of the 27th of May?—A. I did not see either of them. We have inquired of our teller whether he could recall either of those men, and he says he cannot; that he would not be able to recall anything about it.

Q. I understood you to say that you thought those sums were paid out in money; is there anything in your bank-books to show whether they were paid out in money or in checks?—A. Yes, sir; it is shown in this way: the operations of the clearing-house, through which large checks go, are performed early in the morning; we get our clearing-house checks in by 11 o'clock, and after that there is nothing paid otherwise than in money. These checks appear by our record to have been paid subsequently to that time. They were what we call "afternoon work," showing that they must have been paid in notes and currency.

Q. Those payments appear on your regular books in such a position, relative to that day's work, as to show that fact?—A. Yes, sir; in such a position as to indicate that very positively to me. I wish you to understand, though, that I speak from an examination made since you asked the question on Saturday, not my own personal examination, but from an examination made and reported to me. I believe Mr. Clarke had it made. Quite remarkably, Mr. Clarke alone, except myself, has had all to do with this transaction.

Q. Do you know whether there is anything on your books that will indicate whether that money was drawn by Mr. Irwin on his own check, or by somebody else on a check payable to bearer, or to order?—A. There is nothing. These checks were very carefully withdrawn. If you will look at that account, you will see one thing that is a little exceptional. This deposit was made on the 25th of May, and the account, you observe, is closed on the 27th of May, and ten vouchers returned. All checks embraced in that category are returned with those ten vouchers, returned as early as the 27th.

Q. Returned as early as the 27th?—A. The balance brought down on May 27th is \$389,000, consequently the books were balanced and the checks returned at that time.

Q. That was done within two days of the deposit?—A. Yes, sir.

Q. And simultaneous with the drawing of the large amounts?—A. Before the large checks were drawn. It was all drawn out except \$389,000, which stands to the credit of the new account.

Q. Then the account is balanced on May 28th, and it is balanced again on the 30th, and four vouchers returned? This statement shows the facts. It is pictorial. Is there any other instance in the history of Mr. Irwin's account with the bank where he had his checks withdrawn so promptly?—A. I perceive no other instance. The account shows you that there were none.

Q. You speak of that instance as showing an unusual promptness in withdrawing the checks after the payment of the money upon them?—A. Yes, sir.

Q. Those checks were not allowed to remain in the bank, even over night; the checks drawn on the 27th?—A. Yes, over night; you see how long, sir.

Q. They appear to have been withdrawn on the same date?—A. I did

not observe that before; they must have been taken away as quickly as possible. They were withdrawn as soon as it could be done with any propriety. It is not usual for a gentleman to want his account made up so very promptly.

Q. Accounts, I suppose, are not made up with that rapidity unless by special request of the person who has the account with the bank?—A. No, sir; our rule is to make them up once a month; that is the ordinary custom; but when specially requested, we make them up at any time. It is the right of any gentleman to ask to have his account made up.

Q. And the right was exercised in this case?—A. Yes, sir.

Q. Where a check is drawn payable to order and indorsed by the person who draws it do you make any memorandum on your books which shows that fact?—A. No, sir; we pay no attention whatever in our records of indorsers of checks.

Q. So that there is nothing in your bank-records that would indicate who drew the money, even if the check had been drawn payable to a third person and indorsed by that third person?—A. No, sir, nothing whatever. It would be impossible to make such records. We hold the vouchers as long as it is necessary in order to justify our payments. When they are given up we are discharged. It would be impossible to conduct our business upon the other plan.

Q. Was the \$275,000 check, which was drawn on the 29th, returned by the Marine Bank to your bank the next morning?—A. Yes, sir. I will give you what we call the "clearing-house slip," which will show where the check went. All checks that came to us for payment through the clearing-house are listed upon slips of paper, with printed headings, indicating the bank from which they come. Those slips contain simply a list of sums of money, with no particulars; sums of money added up, showing the amount that each bank sends in; and this slip, which I now give you, is the slip received from the Marine Bank. It is taken from this package of slips of all the banks on that day, and the date is May 30th, 1872.

Q. The fourth entry on that slip is \$275,000?—A. Yes, sir, that is the fourth entry; that identifies that particular sum as belonging to the checks that I have spoken of.

Q. The two men who came to your bank together, demanding the payment of the \$275,000 check, and the \$115,000 check, respectively, were they not evidently acquainted with each other?—A. O, yes, they seemed to be; they came together, and talked together.

Q. Mr. King, then, would probably know who it was that accompanied him?—A. O, they were evidently acquainted.

Q. The money paid to Mr. King was carried to the Park Bank the same morning, as your officer informed you?—A. I did not use those words. These gentlemen, you observe, when they came in together, as I have stated, came in on the 29th of May, and I disposed of the large check by certifying it, and that check subsequently was deposited in the Marine Bank, and I do not know anything about that. The other gentleman said it would be necessary for him to have the money the next morning; that was the very point I wanted made, for it gave me the advantage of time. The next morning he came in and the money was paid to him, and then the other circumstances that I have detailed occurred, but I did not go to the Park Bank, and consequently I cannot answer that question.

Q. The report made to you by the assistant cashier was made to you on the 30th of May, the same day of the payment?—A. Immediately, within a very few minutes after the payment—fifteen or twenty minutes.

By Mr. WOOD:

Q. Those two persons called at the bank together in the first instance, did they?—A. Yes, sir.

Q. Did they call together the next morning?—A. I think they were together next morning; I am very sure they were.

Q. Did they act as if they were interested in both checks?—A. That I could not say; there was nothing to indicate that.

Q. Did the party who had had the \$275,000 check certified participate in any way in anything that occurred the next morning when the one with the \$115,000 check came to get the currency for it?—A. I have no knowledge of that. I desired to dispose of them with great rapidity, and did so.

Q. Did I understand you to say that next morning you proposed to certify the \$115,000 check?—A. No, sir; because the day before he had told me when I certified the other check that he wanted the money.

Q. But I understand you to say that, when you proposed to certify the checks, one of them said that they had reasons for not wishing that done.—A. No; that they had reasons for not wishing to identify themselves.

Q. Was it the one who received the certified check, or the one who received the currency, that made that reply?—A. I cannot distinctly state, but my recollection is that it was the gentleman who had the largest check, the one for \$275,000. He was the shorter and the younger of the two.

Q. Could you recognize him if you saw him before you now?—A. No, sir; I do not think I could.

Q. Or either of them?—A. I think I could recognize Mr. King. There is a reason for that, because I have seen him since that time.

Q. Ah! then you have no doubt that it was Mr. King?—A. I have no doubt, sir. About a year after that, I think it must have been, two gentlemen came into the bank, one of them a citizen here, whose name I cannot now recall; this gentleman said to me, "I want to identify Colonel King," (or "General King," or whatever the title was;) "he has a check on your bank;" and Mr. Clarke, who sits within sight of me, steps up to my side and says, "It is not necessary to identify General King; we know him; we have dealt with him before." I then identified him as some man whom I had seen on this prior occasion, and Mr. Clarke could identify him also.

Q. Was Mr. King the shorter of the two men who presented the checks for \$275,000 and \$115,000, respectively?—A. I think not, sir; if there was any difference in that respect, my impression is that he was the taller of the two.

Q. Was there anything peculiar in the appearance of the other one?—A. No, sir.

Q. Nothing about his whiskers that struck your attention?—A. No, sir; nothing that struck my attention. I should fail utterly if I attempted a description of either of them, excepting as I have already told you, that they were stout men, with rotund faces.

Q. But as to one of them being Mr. King, you have no doubt?—A. I have very little doubt.

Q. He was the one that had the check for \$115,000, which was paid in currency?—A. I think so. Understand, gentlemen, that I make a great distinction here between my memory of what was done, and what this record shows to have been done. I know from memory that that check was for over \$100,000, and this slip fully confirms my recollection, and shows just what it was.

Q. Is there anything in that occurrence, aside from your duty as president of the bank, to guard the bank against imposition or loss by fraudulent checks, which attracted your attention particularly?—A. I do not know that there was, particularly. When that deposit was reported to me, I asked what Mr. Irwin had deposited, and the answer was, "checks of the Pacific Mail Steamship Company;" there was nothing else than that. If I were asked if I knew what was going on at the time, that is, that the Pacific Mail Steamship Company were trying to get a subsidy, of course I knew it, as I knew of all things that were going on within my proper range of observation; but there was nothing in the matter that would have attracted my attention. You can see, gentlemen, that throughout the whole matter, I was actuated, not by any inquisitorial spirit, but by a desire to protect the American Exchange Bank.

Q. But the object of my inquiry was to ascertain whether your curiosity was sufficiently excited to induce you to ascertain the character of the deposit that Irwin had drawn against.—A. I certainly was not unmindful of that.

Q. You did ascertain that the deposit was checks of the "Pacific Mail Steamship Company?"—A. Yes, sir; that was reported to me.

Q. Was there anything in your mind at that time in connection with any proceedings in Washington?—A. Well, sir, it is impossible to say what train of thought passed through my mind at that time, it is so long ago, but probably there was; however, there was nothing *special* that I am aware of.

Q. What conclusion did you reach, what inference did you draw, when you ascertained that Mr. King, who was then the Postmaster of the House of Representatives, had drawn the money upon that large check?—A. Well, sir, not a pleasant one.

By Mr. DAWES:

Q. You say that about a year after this occurrence Mr. King came in again to draw a sum of money upon a check?—A. I said *the gentleman* came in again.

Q. Well, then, some gentleman, who had had the \$115,000 check cashed at your counter, came into your bank about a year afterward to draw money upon a check?—A. Yes, sir; I do not know how long afterwards, but quite a long period of time.

Q. And, without any question or suggestion on your part, he brought in another gentleman to identify him?—A. Yes, sir.

Q. And was in the process of making himself known to your bank when you and your officers discovered him to be the same gentleman who had had the \$115,000 check cashed?—A. Yes, sir; the assistant cashier stepped up to me at the moment. As the identification of persons presenting checks was a usual occurrence, I do not know whether I should have recognized the gentleman if the assistant cashier had not stepped to my desk and spoken to me.

Q. Your attention was called to him by the assistant cashier, and you then recognized him to be the same gentleman who had received payment in currency of the check for \$115,000?—A. Yes, sir.

Q. Can you tell how large the check that he drew up on this second occasion was?—A. No, sir, I cannot; an ordinary check, nothing unusual about it.

Q. Do you remember who the gentleman was that came to identify him?—A. I do not; I have tried to tax my memory upon that point, but cannot remember.

Q. When it was suggested to this gentleman and to the citizen who came in with him to identify him, that Mr. King was already known in that bank, what reply was made?—A. He made no reply to me. The assistant cashier will tell you what reply was made. The gentlemen did not delay with me more than a moment.

Q. Some reply was made, then, to the assistant cashier?—A. He will inform you whether there was or not.

Q. Was there any reply made to you, or in your hearing?—A. None.

Q. Is that the only subsequent transaction with Mr. King that you know of?—A. I never saw the gentleman before the first, nor since that second transaction.

Q. Does his name appear on your books?—A. Not at all, sir; I did not know of the existence of the man.

Q. Do you know whether he has been in your bank lately, within a fortnight?—A. Not to my knowledge.

Q. Do you know that he has been in the city here within a week?—A. I have never set eyes on him since.

Q. And you have no knowledge from any of the officers of your bank of his having been here?—A. No, sir.

By Mr. BURCHARD:

Q. Who certifies checks in your bank?—A. The officer that we call the first teller; he does it invariably.

Q. And a record is kept of that certification?—A. A record is kept of every certified check in a book; and that accounts for the fact that that check is debited there when it is certified, and not when it is paid. If you have an account, and I certify your check, it is tantamount to accepting your check, and therefore I charge you with it.

Q. Who was your first teller at that time?—A. The same gentleman who is first teller now, Mr. Pinkney.

Q. This is the account that you submit?—A. Yes, sir.

[See appendix, Exhibit A.]

DUMONT CLARKE sworn and examined.

By the CHAIRMAN:

Question. Please state your occupation.—Answer. Assistant cashier of the American Exchange Bank. I have been in the bank twelve or thirteen years, and have been assistant cashier six or seven or eight years. I was assistant cashier during all the period embraced in this account which the company has presented here.

Q. Have you heard the statement of Mr. Coe, the president of the bank, in regard to the transactions embraced in this account?—A. I have.

Q. State to the committee what personal knowledge you have of the transactions connected with either the deposit of those checks to the credit of Mr. Irwin, or the drawing and presentation of the drafts on which he obtained the money.—A. I have quite a distinct recollection of Mr. Irwin's coming up on the day on which those large checks were deposited, and speaking to Mr. Coe, as Mr. Coe has told you, and afterwards making the deposit; and then I recollect the teller's coming to our room with the check to show it to us, as is the custom when any unusual transaction takes place. This was an unusual transaction in Mr. Irwin's case. His account had been an ordinary account up to that time, and these large checks were something unusual.

Q. State what transpired in connection with the deposit of those

checks; give a narrative of everything you know that was done in that connection.—A. Mr. Irwin came in and deposited those checks after having had a little conversation with Mr. Coe, and after he had made the deposit the receiving-teller brought the checks up to our room, and told us that as they were unusual in size he would like to show them to us and refer the matter to us. I examined them, and afterwards took them in to Mr. Coe to show them to him as something unusual. Then the check was taken back to the receiving-teller's desk, and passed through the exchanges as usual. That comprises all that can be said about the deposit.

Q. Can you read the certification of those checks?—A. Yes, sir. That is "Sherman," the paying-teller of the Bank of Commerce; that was certified at Mr. Irwin's own request; we did not have it done; he brought it there certified. Of the ten checks which are entered there, three were paid by the paying-teller in money—to whom paid we cannot positively say. But there is an indistinct recollection in my mind of their having been paid to Mr. Irwin in person, though I cannot say positively. The last \$100,000 check, the last of those four, was paid through the note-teller, for what reason it is a little difficult to say. The only way that it can be accounted for is that it must have been wanted in large bills, and our paying-teller must have gone around to the other tellers to get the large bills. That is how we may account for its coming through the note-teller's department. The following day, or the day after, two gentlemen came in and went to the paying-teller's desk, and presented, one a check for \$275,000, and the other a check for \$115,000. It is our instruction to the teller not to pay any large sum of money, even if the check is payable to bearer, unless the parties presenting it are identified, because we have got into court once or twice by paying forged checks, and therefore the teller told these gentlemen that he would be unable to pay the checks unless they were identified. They then came up to my desk and I had a little conversation with them, and told them the reason why we did not care to pay those large checks without identification, and that I thought it was right and proper for them to give us some clew to their identity. They refused; one of them quite lustily. I then referred them to Mr. Coe, and went into his room with them.

By Mr. BECK:

Q. You know Mr. William S. King now?—A. I do.

Q. Was it Mr. King or the other that refused in that way?—A. It was the other. Mr. Coe went over the matter with them and told them that he did not think it was a proper thing for them to ask that such large sums of money should be paid by the bank without some identification of the parties. He told them that all we wanted to know was that the money went into the proper hands—that the checks were genuine; that while we were supposed to know the signatures of the drawers of our checks, still we thought we were justified in taking even greater precautions in order to protect the bank. This other gentleman (not Mr. King) remarked that he did not think this was a very large sum of money; that he had seen very much larger sums, and did not think it worth while to make a fuss about such things. Mr. Coe still refused, and asked the man how he was going to use the money, whether he was going to use it in a bank, and he said that he was. Mr. Coe then told him that we would certify the check for him, which would answer his purpose, and thereupon we had the paying-teller certify his check. That was the check for \$275,000. The other gentleman stated that he

wanted to use the money on the following day, and Mr. Coe told him that if he would come in the next morning we would pay him the money; knowing that if the other check passed correctly through another bank we would have some clue if there was anything wrong about this one. In the mean time we had communicated with a detective, and engaged him to be present on the following morning. Next morning this gentleman bearing the \$115,000 check came in and took it to the president, who authorized its payment. We had instructed the detective beforehand how to proceed, and I told him that was the man, and to keep a lookout for him. The detective followed him out of the bank, and in the course of ten, fifteen, or perhaps twenty minutes, he came back and reported that the gentleman had gone to the Park Bank, had there held a short conversation with the cashier, and had then gone to the note-teller's desk, taken out a large amount of greenbacks, and had a transaction with the note-teller of the Park Bank. He said he had then followed the gentleman down town until he went into the Equitable Building, corner of Cedar street and Broadway, and got into the elevator to go up-stairs. The detective, of course, did not care to follow him into the elevator, but thought he would intercept him by going up-stairs. He failed, however, to do that, and he came back to the bank with the report that the gentleman had gone into some office in the Equitable, and he had lost him. Then Mr. Coe gave me a little note to Mr. Worth, the president of the Park Bank, asking if he would not, as a matter of favor, give us some account of the man that I should inquire about. Mr. Worth said that he would do it willingly, and I described the man, and told him that it was but a few moments ago that he had come in and had gone to the note-teller's desk, and he said I think that was Mr. William S. King, the postmaster of the House of Representatives. He said that Mr. King had paid a note at the note-teller's desk; "but," says he, "I will go and see." So he went to the note-teller's desk and came back with a report that it was so, that the gentleman was Mr. King, and that he had paid a note, I think he said of the Northern Pacific Railway Company. I have got the facts which he told me in a memorandum, but I neglected to bring it up with me. On my return to the bank I reported to Mr. Coe, and he directed the detective to go to the office of the Northern Pacific Railway Company and see if the gentleman was there, and the detective came back and said that he was in the office of that company with some other gentlemen reading the newspapers. In the ordinary course of things the \$275,000 check should have come in from the Marine Bank (or some bank, we did not know what bank) the next day. But it did not make its appearance. But on the following day it did come in from the Marine Bank, having lain out one day more than it would have done in the ordinary course. By Mr. Coe's instructions I also went down to the Marine Bank and saw Mr. Delamater; I think that was the gentleman's name. I waited quite a long time for him to come in, and when he came in I told him the circumstance that we had paid this large check to a man who was unwilling to identify himself, and we wanted to know whether it was all right before we discharged it from our minds, and that I would like him to tell us from whom he had received it. He was unwilling to state; "but," said he, "for your satisfaction, I will tell you that it was all right. I know the party well, and it is a straight transaction." I told him that was all we wanted to know, if he could assure us of that, and I then came back and reported that conversation to Mr. Coe, and from that time the matter rested. That closed the transaction.

By the CHAIRMAN:

Q. Who was the note-teller of the Park Bank?—A. I do not know, sir.

Q. Who was the cashier of the Park Bank?—A. Mr. J. L. Worth.

Q. Have you seen the gentleman who presented the check for \$115,000 since that time, to recognize him?—A. Yes, sir. About a year after that date he came into bank with another gentleman, and went immediately to Mr. Coe's room, and this other gentleman said to Mr. Coe, "I want to identify this gentleman, Mr. King." I sat near by Mr. Coe, and I saw that he looked at this other gentleman, apparently not recognizing him; so I said, "Mr. Coe, Mr. King does not need any identification; we know him; we remember him." "O, yes," said Mr. Coe, "I know Mr. King." The check was certified, and Mr. King turned off with the remark, "It is not always well to have too long memories."

Q. Will you describe the other man who was with Mr. King?—A. He was a man a trifle taller than Mr. King, with a clean-shaven face, with the exception of the mustache, which was brushed down in rather a bushy manner at the ends. He had no whiskers—nothing but a mustache. I think I could identify him.

Q. Do you recollect how he was dressed?—A. Well, sir, he was dressed in an ordinary walking-dress, a walking-coat—there was nothing peculiar about his dress.

Q. Were his clothes dark or light?—A. If I remember right Mr. King was dressed in a black suit; but the other man, I think, wore a light suit. However, I did not remark either of them.

Q. What was the condition of Mr. Irwin's account at the commencement of the year 1872?—A. It was small; indeed it never had been large; never had been anything more than an ordinary account, until this large deposit. I should say that there was a balance of probably \$900 or \$1,000, or somewhere about there, which apparently ran along to the latter part of January, or the first part of February, of that year.

Q. Were the deposits to his credit in large or small amounts, immediately following that balance?—A. The first deposit was \$25,000, which was larger, I think, than he had ever before deposited.

Q. What was the date of that deposit?—A. It was on the 27th of January, 1872.

Q. Have you any recollection of the return of the vouchers, or of furnishing him a statement of the account at that time?—A. His account was on the ledger, and he had a pass-book, and this is only a transcript from it.

Q. How long does his account run up to the time of the first balance and the return of the vouchers?—A. It probably ran two or three months—it ran from November to January. Two months before there was a balance made, and the next balance was in three months.

Q. Commencing in 1871, how long did the account run before it was balanced?—A. There was no balance from March 23, 1871, to February 20, 1872—a whole year.

Q. How many vouchers were returned at that time?—A. Forty-eight.

Q. When was the next balancing of the account and return of the vouchers?—A. On March 14 there were fourteen vouchers returned; the next was May 2, eleven vouchers returned; the next was May 22, but the number of vouchers is not stated; and the next was on the 27th of May, when there was a balance, with ten vouchers returned, and on the 30th of May, four vouchers returned.

Q. Who was the book-keeper?—A. I think it was a man by the name of Bennett. We rotated our book-keepers at that time, once in every six months.

Q. Have you a personal recollection of Mr. Irwin being in the city at that time?—A. O, yes, sir; he was here.

Q. Do you know whether he presented any of those checks in person to the bank?—A. I really cannot say. The inference is that he must have done so, because the paying-teller would not have paid them to anybody he did not know well.

Q. In the ordinary course of business the account would be written up by the presentation of the pass-book, the balancing of your books on a comparison with the pass-book, and then the return of the vouchers?—A. Yes, sir. When we make up a pass-book, we rule our ledger to correspond.

Q. If checks were drawn upon you and forwarded from Washington, could you ascertain whether they came by mail to your bank?—A. I don't think we could without having possession of the checks, which, of course, we have not. You could only do it circumstantially by seeing if there came from Washington, or anywhere else, \$10,000, or any particular sum; but that would not identify the check, because sums of that kind are very numerous, and I don't think it is possible that the check could tell anything about it.

By Mr. BECK:

Q. You took uncommon precautions to identify Mr. King and the man who was with him when they drew the two checks of \$115,000 and \$275,000. Were there any precautions taken, that you know of, to identify the person who drew the first three checks on the 27th?—A. If Mr. Irwin had presented those checks we should have known him at once and it would have passed out of our memory; but had there been anything unusual about those checks we should have taken precautions and probably remembered the matter.

Q. Does the fact that there were no precautions taken, that you now remember, tend to verify your impression that Mr. Irwin himself drew those checks?—A. Very much, sir. I feel very confident of it, because it is a very unusual thing for us to pay over the counter in money any checks of an amount like that.

Q. Your subsequent action as to the two other checks would indicate that there was no particular reason for caution as to the first three?—A. It would, sir.

Q. Mr. Irwin was in the city at the time, you are confident?—A. Yes, sir.

Q. Did the bank take any means to see Mr. Irwin, to inquire of him anything about those checks that were drawn or presented at your bank?—A. No; I do not know that he was in town on that day; I merely know that he was here a day or two before. He resides at Englewood, N. J., and he may not have been in the city of New York that day.

Q. I am referring more particularly to the day when those two men presented those checks. I thought it possible that Irwin could have satisfied the bank, if you had inquired of him, and I wished to know whether any effort was made to see him upon the subject.—A. We made no effort of that kind.

Q. Your books show that on the same day that the first three checks were drawn his account was balanced?—A. Yes, sir.

Q. Would not the person who balanced the books for you on that occasion, seeing three such large checks as those drawn on that same day, be very apt to recollect the circumstance?—A. No, sir; I think not. A book-keeper in a bank is not much more than a mechanic.

Q. But on that occasion he had a very unusual book-account before him, showing a deposit of \$735,000 two days before, \$235,000 drawn out two days afterward, and a balance struck on the same evening. Would not that call his attention to it?—A. It might; but then we have on our books other accounts as large as that.

Q. But you recollect that Irwin had been a customer in a small way prior to that time?—A. Yes, sir.

Q. By Mr. DAWES. You never had had the account of any one who had found it necessary to draw out his checks the same night that the money was paid, before?

Q. By Mr. BECK. Irwin never had had occasion to draw out his checks before on the same day that he had drawn the money on them?—A. No, sir.

Q. And having done it on that day, is it not probable that the officer of your bank who balances the accounts would remember it? Tell us who that officer was.—A. The book-keeper; I cannot tell you what his name was. My impression is that it was a young man who has since left our employ. We could tell the name of the man by looking at the books.

Q. Will you examine the books, and inform the committee who it was that settled that account that evening, and where he is now, if you know?—A. Yes, sir.

Q. I thought that perhaps the unusual character of the transaction would enable him to remember it; is it not probable?—A. We have five book-keepers in city business, and we rotate them; one keeps one ledger six months, and then another takes it up; and they do not know the peculiarities of each other's accounts. We rotate them so as to keep from having any fraudulent transactions.

Q. But this whole occurrence took place within three days?—A. That is true; but the book-keeper would not have known what the man's habits were before. The book-keeper had occupied that place, at the outside, only three months, and he would not know what Mr. Irwin's habits were as to his accounts before he took the ledger. If he had been the book-keeper who had kept the accounts previously he might have come to some conclusion.

Q. Did Mr. Delamater, cashier of the Marine Bank, give you any reason for refusing to give the name of that man who had deposited the \$275,000 check?—A. I did not know Mr. Delamater, and he was not there when I went down, and I sat in his private office and waited. Presently a man came in, and some of the attendants said, "That is Mr. Delamater, the cashier," and I spoke to him. He gave me no special reason for not stating who the man was, except that he did not think it was necessary, and that he should prefer not to do it.

Q. You told him the reason why you wanted him to do it?—A. Yes, sir; I told him that the check was unusually large.

Q. But he told you at the same time that he knew the man perfectly well?—A. Yes, sir; perfectly well, and that the transaction was straight entirely.

Q. Was there anything in his general manner or conversation that you thought indicated that he was desirous to keep it secret?—A. His very refusal to give the name was an indication of that, sir.

Q. You put the question to him directly?—A. I did; and his very refusal was an indication of his purpose to keep it secret; but how deep that purpose was, I do not know.

Q. The cashier of the Park Bank did not hesitate to tell you who the

other gentleman was?—A. Not at all, sir; he was very prompt in answering my inquiry; exceedingly so.

Q. So that whatever were the motives of the men, the one answered you promptly, and the other refused to answer?—A. Yes, sir. Remember, however, that there was a little difference between the transactions. Mr. King's transaction with the Park Bank was that of an outside party, whose interests the bank had no reason to protect, while the Marine Bank was guarding the account of one of its depositors. They had a reason for declining, which the Park Bank had not.

Q. You state that the check for \$275,000 which went to the Park Bank was held up for a day?—A. Yes, sir; the clearing-house paper indicates that that check was certified on the 29th, and if it had been drawn immediately the date on the slip would have been the 29th, but it was held out and deposited the following day, the 30th, and came into our bank on the morning of the 31st. The check was presented for certification on the 29th, was then certified by us and charged to Mr. Irwin's account, and credited in the account which we call "certified checks." In the ordinary course it would have been deposited in some bank on that very day, and would have reached us on the morning of the 30th, but it was held out and not put in any bank until the 30th, and then was deposited in the Marine Bank, and reached us through the clearing-house on the morning of the 31st, and was debited to "certified checks."

Q. Was it on the morning of the 29th or on the morning of the 30th that you had the conversation with the cashier of the Marine Bank?—A. It was on the morning of the 31st, because we had no idea where the check would come from until it was presented. As soon as it came into our bank we discovered, of course, where it came from, and I then went down to the Marine Bank.

Q. Is it usual or unusual for a man having a certified check of this magnitude, \$275,000, to hold it up beyond the ordinary course?—A. No, sir; it is a very rare thing. It does not occur once in a good many times.

Q. Did you call the attention of the cashier of the Marine Bank to the fact that that check had been held out longer than usual in the ordinary course of business?—A. I think not.

Q. Did not it strike your mind as unusual for a check of that kind to be so held out?—A. Well, sir, the whole thing struck us as very peculiar from first to last, and I do not think that *that* struck our attention as anything remarkable, for we did not know but he intended to take it out of town and have it come to us by mail.

Q. It was certified early enough on the 29th to be deposited on that day?—A. It was in the afternoon, but there was abundant time. Still, the fact that it did not come in on the 30th was not remarkable, because, as I have said, it might have gone out of town.

Q. What is the name of the note-teller of your bank?—A. John S. Carr.

Q. And the name of the note-teller of the Park Bank?—A. I do not know that I have ever heard it.

By Mr. WOOD:

Q. Do you think you could identify the other gentleman who was with Mr. King on the first occasion, if you saw him?—A. I think the chances for it would be very good.

Q. If he was in this room do you think you could identify him?—A. Yes, sir; I think I could if his mustache was on, but if he had shaved that off I do not think I could.

SAMUEL J. HARRIOT sworn and examined.

By the CHAIRMAN:

Question. Please state your occupation and place of business.—
Answer. Banker and broker. I am a member of the firm of Harriot & Noyes. I have been about ten years in the business. The firm has been doing business as a firm about five years.

Q. Do you know A. B. Stockwell?—A. I do.

Q. Do you know R. B. Irwin?—A. I do not.

Q. During the year 1872 did you have business dealings with A. B. Stockwell?—A. I did.

Q. To any large amount?—A. To a very large amount.

Q. Will you state what those transactions related to?—A. Buying and selling the stock of the Pacific Mail and buying Panama Railroad stock at times.

Q. Had you been doing the same business for him prior to that year?—
A. Yes, sir.

Q. Up to what time did you continue that?—A. That I would be unable to state unless I looked at my books.

Q. Look at that check [No. 2365] and state whether you have any personal knowledge of it?—A. No, sir; I never saw it before.

Q. Did you at that time, or about that time, receive \$650,000 or any large sum of money from A. B. Stockwell or Richard B. Irwin, or from any one for him?—A. What is the date of that check?

Q. The date of that check is May 24, 1872.—A. I cannot answer that question without referring to my books.

Q. You may refresh your recollection by referring to your books.—A. [Referring to book.] On the 24th May we did not receive any money of Mr. Stockwell.

Q. Nor from the Pacific Mail Steamship Company?—A. Nor from the Pacific Mail Steamship Company.

By Mr. BECK:

Q. Did you receive any during that week? Suppose you look from the 20th to 30th.—A. On the 21st May I find a credit to A. B. Stockwell of \$228,750.98, for 4,700 shares of Pacific Mail. We delivered him 4,700 shares of Pacific Mail, and he gave us a check. That is all I find up to the 1st of June.

Q. You have examined from 20th May to 1st of June?—A. Yes, sir.

Q. And that is the only credit you find to either A. B. Stockwell or the Pacific Mail Steamship Company?—A. Yes, sir.

By Mr. KASSON:

Q. It appears by the check-book of the Pacific Mail Steamship Company that a check was issued by that company on the 24th May for \$650,000, which, in the margin, indicates a charge to Harriot & Noyes. It is entered in the journal as against Harriot & Noyes under date of May 24, and in the ledger as against Harriot & Noyes, under date May 31; state whether, during any part of that period, you received that amount, or any part thereof, from A. B. Stockwell or the Pacific Mail Steamship Company or Richard B. Irwin.—A. There is only this one credit which I have stated.

By the CHAIRMAN:

Q. That is the only entry of a credit to them you find on your books during that period?—A. That is the only one. There is none between May 21 and May 31, nor on those dates.

By Mr. BECK:

Q. Look a day or two further, up to the 3d June.—A. I have looked up to the 4th of June, inclusive.

By Mr. KASSON:

Q. You state, then, that no sum of money was received in any way by your firm from the Pacific Mail Steamship Company, or R. B. Irwin, or A. B. Stockwell, from May 24, 1872, to June 4, 1872, inclusive?—

A. Yes, sir.

Q. Will you look and see whether there are any entries to either Stockwell, the Pacific Mail Steamship Company, or Irwin, during the month of May prior to the 21st May?—A. On the 15th May, I find that we delivered 5,000 shares Pacific Mail, for which was received checks of the Pacific Mail Steamship Company for \$433,000. The check was dated 15th May.

Q. Do your books show on whose account you purchased those shares or to whom you delivered them?—A. It shows that we got the Pacific Mail Steamship Company's check. I presume the stock was delivered to Mr. Stockwell individually.

Q. On his own account?—A. I presume so. That is all that I see here.

Q. Those two entries are all that you find in the month of May, up to the 4th June?—A. Yes, sir.

Q. Examine and see whether you find any during the first week of June.—A. I have looked up to the 10th June, and find nothing further up to that time.

Q. Look at this check [No. 3023] of the Pacific Mail Steamship Company on the National Bank of Commerce, New York, and state whether you have seen it before.—A. Yes, sir; that has passed through our hands; that is our indorsement.

Q. Who received the money or the credit on that check?—A. It was passed to our credit in the bank in which we kept our account.

Q. Do you recollect the circumstances connected with the receipt of that check?—A. I find that we gave an exchange check for \$500,000. Here is the entry. We received the Pacific Mail Steamship Company's check and gave our check.

Q. Read the check in connection with the entry.—A. [Reading.]

PACIFIC MAIL STEAMSHIP COMPANY,
New York, September 7, 1872.

National Bank of Commerce of New York, pay to order of A. B. Stockwell, esq., \$500,000.

(Signed)
(No. 3023)

HENRY SMITH,
Treasurer.
F. W. G. BELLOWS,
Vice-President.

Indorsements:

A. B. STOCKWELL,
For deposit to the credit of Harriot & Noyes.
HARRIOT & NOYES.

Q. Now read the entries which you find on the books in this connection.—A. [Reading.]

September 9. Pacific Mail Steamship Company; exchange \$500,000.

Q. Is that the whole of the entry in connection with that transaction?

A. Yes, sir.

Q. Will you explain that transaction?—A. Well, I see that on the same date we gave a check to the Pacific Mail Steamship Company for

\$507,547.95 on the Continental Bank. There is a credit for the balance the next day. The \$500,000 was an exchange.

Q. Read the entry for the balance.—A. [Reading.]

Panama Railroad Company, cr. Pacific Mail Steamship Company, \$7,547.95.

By Mr. DAWES :

Q. That last entry and the check just entered balance what?—A. They balance the amount of the check of the day previous; \$507,547.95. On that day we received a check for \$500,000, and the day after we received the balance, making altogether \$507,547.95; that closed the transaction.

By the CHAIRMAN :

Q. Do you recollect the circumstances connected with those entries?—A. I do not; though I had an indistinct recollection that we made this exchange when my attention was called to it by Mr. Hatch this morning.

Q. What was the object of that exchange?—A. I do not know, sir. I did not ask.

Q. Was the business done by yourself?—A. No, sir; my partner did that. I see his indorsement on the back.

By Mr. BECK :

Q. In the transaction of May 21, 1872, wherein you received a check for \$228,756.28 in payment for 4,700 shares of Pacific Mail stock, were you dealing with A. B. Stockwell individually?—A. I presume so; I cannot tell positively.

Q. Was the check that you received the check of A. B. Stockwell individually?—A. It was the Pacific Mail Steamship Company's check.

Q. So that in both those transactions the checks were the Pacific Mail Steamship Company's?—A. Yes, sir.

Q. Did you draw the money on those checks?—A. No, sir; I see this is marked "exchange;" if you will allow me, I should like to state what that means. We received that stock from another broker, and delivered it to Mr. Stockwell, I presume, and got the Pacific Mail Steamship Company's check.

Q. How was the check collected?—A. By depositing it in our bank—the Continental Bank.

Q. And you were credited with it on the books of the Continental Bank, and that much money put to your credit?—A. Yes, sir.

Q. Which, of course, you drew?—A. Yes, sir; that was a part of that day's transactions.

Q. Do you remember how those checks were signed, whether by A. B. Stockwell, president, or by some of the other officers of the bank; have you any means of knowing?—A. No, sir.

Q. If it had been a check to A. B. Stockwell alone, not signed officially, it would have been entered to them individually on your book?—A. Yes, sir.

Q. Therefore that appears on your books to have been an official transaction by Stockwell as president of the company?—A. It appears so upon our books, but I presume it was not.

Q. Why do you so presume?—A. Well, we were in the habit of delivering him stocks from day to day. He was changing his stocks from one place to another, and I presume this stock he was going to put in another place, and we sent it to him and he gave us the check of the

Pacific Mail Steamship Company. That, however, is only a presumption.

Q. Which check was collected through your bankers from the company?—A. Yes, sir.

Q. The transaction of May 15, you spoke of as being originally a transaction of the Pacific Mail Steamship Company; that also shows upon its face that it was one of their transactions?—A. That was 5,000 shares Pacific Mail.

Q. The checks were in the name of the Pacific Mail Steamship Company?—A. Yes, sir.

Q. Do you remember to whom the stock was delivered?—A. I do not, sir; I did not deliver it. I presume to Mr. Stockwell or his clerk.

Q. Who delivered the stock?—A. Our young man.

Q. What is his name?—A. We have quite a number of them, and I do not know which one did it.

Q. In your exchange of checks of September 7, 1872, was there any indication that they drew the money upon your check or received credit for the amount of that check in some bank, or why did you make the exchange?—A. I cannot tell you; I suppose at Mr. Stockwell's request; that is all I know.

Q. Have you any recollection upon that subject?—A. I have not, sir; I have an indistinct recollection of something of that kind occurring, but what it was I do not know.

Q. Was that much money drawn from your account and put to his credit, and how were you paid back? Do you remember any of the details of the transaction?—A. We were paid by a check of the Pacific Mail Steamship Company on the same day. We drew on our bank, and we deposited the same amount with the exception of \$7,000 and odd.

Q. Was there not a difference of two days between the checks—the difference between September 7 and September 9?—A. It appears so there; our check is drawn on the 9th.

Q. When was theirs drawn?—A. On the 7th.

Q. Theirs appears to have been drawn to you two days anterior to yours; if it was an exchange of checks, for whose accommodation was it?—A. Mr. Stockwell's, I presume. We received their check on the 9th.

Q. You did not receive it the day of its date?—A. No, sir.

Q. It was either held up a couple of days after its date, or it was dated back?—A. We received it on the 9th, and gave our check on the 9th.

Q. Can you account for why it is dated on the 7th?—A. I cannot; Monday was the 9th, and the 7th would have been on Saturday.

Q. I understood you to say that you did not know Richard B. Irwin at all?—A. I do not, sir.

By Mr. KASSON:

Q. I understand you to say that although you were paid for stock by the check of the Pacific Mail Steamship Company, in point of fact the purchase went to Stockwell individually.—A. Yes, sir.

Q. Did you buy or sell stock, so far as you know, at any time for the benefit of the Pacific Mail Steamship Company?—A. I did not.

Q. So that when you received payment in the funds of the company, the consideration for it was an individual consideration moving to Stockwell?—A. It was, sir, entirely.

Q. Have you ever bought or sold any stock for Mr. Irwin?—A. I never have.

Q. His name does not appear upon your books?—A. I do not know anything about that.

Q. So far as you know?—A. No, sir.

Q. State whether the \$500,000 check, and the seven thousand and odd dollars check, together, equaled the exact amount due for the stock then purchased for Stockwell.—A. That was an exchange of checks.

Q. What did that seven thousand and odd dollars represent?—A. It represented the check of the Panama Railroad Company, to make up the amount that we had given a check for the day before; we gave a check for five hundred and seven thousand and odd dollars, and received a check for \$500,000 first, and afterward that seven thousand and odd dollars to make up the balance.

Q. You state, then, that you gave Mr. Stockwell that check for that precise amount at his request?—A. Yes, sir.

Q. At the time that you gave it he handed you a round check for \$500,000?—A. Yes, sir.

Q. He afterward brought you an additional check?—A. Yes, sir.

Q. Had that transaction any connection whatever with the previous transaction between your house and Mr. Stockwell?—A. No, sir, it had not.

Q. It was an independent transaction, an accommodation exchange?—A. That was all, sir.

Q. It may be useful to some of us, if you will state what is the advantage of an exchange of checks. If a man draws his check, why does he not go and get the money on it instead of borrowing another man's check and getting the money on that?—A. It would be impossible to tell what was Stockwell's object in getting exchange.

Q. What does such an operation signify in business; does it signify that the man is "short;" that he has not the funds himself, but will have them soon, or what does it signify?—A. It does signify that, in some cases, but I should not think it did in this case.

Q. Can you give any earthly reason for his exchanging checks with you?—A. No, sir.

Q. His check was paid when you presented it?—A. Yes, sir.

Q. And yours was paid when he presented it?—A. Yes, sir.

Q. And you can give no reason at all for that exchange?—A. I cannot.

By Mr. NIBLACK:

Q. May not this exchange have been for the purpose of mystifying the transaction, so as to make it more difficult to trace?—A. I cannot say; I have not the slightest idea what Mr. Stockwell's object was.

Q. Were his dealings in stocks pretty heavy?—A. Yes, sir; he did a very large business with us.

Q. Have you any objection to stating whether his investments were profitable or unprofitable in the aggregate result?—A. It is impossible to say. He made money in our office.

Q. Can you tell us how it was in that respect in the month of May, 1872?—A. That would be impossible to tell, because his accounts remained unclosed for a long while, two years; it would be impossible to say whether he made money in that particular month or not, without examining our books.

Q. How long after this was it before your accounts with the Pacific Mail Steamship Company were finally closed with Mr. Stockwell?—A. We did not have any accounts with the Pacific Mail Steamship Company.

Q. How long afterward was it before your accounts were finally closed with Mr. Stockwell?—A. I will look on the books and see. It seems by this ledger that his account was closed with us on the 2d November, 1872, but he may have opened another account on another ledger.

Q. His accounts of the previous spring, summer, and fall closed in November, 1872?—A. Yes, sir.

By Mr. KASSON:

Q. Can you state from the books or from your memory the market-price of Pacific Mail stock at any time between May 15, 1872, and June 15, 1872?—A. Yes, sir; I think I can tell by our books.

Q. State what the market-price was on May 15, 1872.—A. As far as I can judge, I should think the price of the stock was between 80 and 90.

Q. Glance along and see whether it was falling or rising up to May 21st, or give the price on May 21st.—A. I should think it was about the same price, between 80 and 90; 82 or 83, probably.

Q. Please give the figures a little more precisely for May 15.—A. This book is our journal, and some of these transactions might have occurred a week previous.

Q. What was the highest price of stock on the 15th of May?—A. The highest price we have here is 85½.

Q. What is the highest price on May 21st?—A. The entry here is 83½. That stock, however, might have been bought the day before; I cannot tell exactly whether it was cash stock or stock bought the day previous.

Q. What is the highest price on your books for May 24th?—A. 81¼.

Q. For May 27th what is the highest price?—A. 77½.

Q. What is the highest price for May 31st?—A. 75¾.

Q. And for June 15th.—A. 69.

Q. Then from your books you are able to state that there was a general fall in the price of the stock from May 15, 1872, to June 15, 1872, from 85½ down to 69?—A. Yes, sir.

By Mr. WOOD:

Q. Were your transactions with Mr. Stockwell unusually large, comparatively, during that month of May, 1872?—A. I have no recollection about it.

Q. Was he the only customer of yours who dealt largely in that stock at that time?—A. He was not the only person.

Q. Will you name the others, if you please?—A. If it is necessary; but I do not want to disclose the dealings of other parties with our office, unless it is absolutely required.

Q. Were there any persons connected in any way officially with the Government at Washington, who bought or sold that stock at that time through you?—A. No, sir.

Q. You are quite sure of that?—A. I am sure of it.

Q. If you have your ledger here, please refer to it, so as to answer my other question, whether your transactions with Mr. Stockwell were much larger at that date than before?—A. [Referring to book.] They seem to have been pretty large, but I do not think any larger than usual.

Q. You had frequent conversations with Mr. Stockwell at that time?—A. Yes, sir.

Q. Did you, or did you not, understand that these operations of his

were on his own account or on the account of others, or was he interested with others?—A. He was interested with others.

Q. You so understood?—A. Yes, sir.

Q. Have you any objection to state who those other parties were?—

A. I have the names on the ledger here; but I would rather not state them.

Q. I would like to know who they were.—A. Would it be just as well if I should let the committee see them without having them published?

Mr. DAWES. You can show them to us, and if the committee do not deem it proper to make them public, of course they will not do so.

The reporters having withdrawn, the witness submitted to the committee a list of persons in whose names he, said Mr. Stockwell, had opened accounts with the firm of Harriot & Noyes, and said: I wish to state to the committee that, to the best of my recollection, none of these parties were ever at our office. I think that Mr. Townsend did introduce himself, though I am not certain; and the accounts were all opened by Mr. Stockwell.

The committee having examined the list, the doors were re-opened, and the examination proceeded as follows:

By Mr. DAWES:

Q. Of the list of accounts opened by Mr. Stockwell in your books, the committee after having examined it find that there are only two or three that can by any possibility have any connection with the investigation, and about those two or three they direct me to put a few questions. The first is that of R. C. Parsons. Will you tell the committee by whom that account was opened on your books?—A. To the best of my recollection, by Mr. Stockwell.

Q. Had you anything to do with Mr. Parsons himself in making that account?—A. I have no recollection of ever meeting Mr. Parsons.

Q. Will you state that whole account; the date of it, and all about it?—A. On the 10th of February, 1872, there was bought, for the account of Mr. Parsons, one thousand shares of Pacific Mail, at 58 $\frac{3}{4}$. On the 2d of March, eight hundred shares of Pacific Mail was sold at 60 $\frac{1}{2}$, and on the 6th of March, two hundred shares at the same price, making a profit of \$1,255.39, that was balanced by a check drawn to the order of R. C. Parsons. Whether we gave it to him or not, I do not know. That closed the account.

Q. One other account that we wish to inquire about is that under the name of "mysterious account—A. B. S." Will you state what that account is, beginning with the date?—A. That was another account opened by Mr. Stockwell, for whom I do not know, on the 25th of October, 1872. It was opened by the purchase of four hundred shares of Pacific Mail, at 102, and six hundred shares at 102 $\frac{1}{2}$. That account was closed by the transfer of a debtor balance of \$29,827.73. That was transferred to Mr. Stockwell's individual account of loss. The date of that was March 1, 1873.

Q. That balance was transferred to the account of Mr. Stockwell, and disappears from your books on March 1st, 1873?—A. Yes, sir.

Q. What do you know about that account; for whose benefit was it opened?—A. I do not know, sir.

Q. Do you know for whom that title "mysterious account, A. B. S.," stands?—A. I do not.

Q. Have you told us all you know about that account?—A. I have, sir.

Q. There is another account there that we wish to ask about; that of Noah Brooks. Who is Noah Brooks?—A. He is one of the editors of the New York Times, I understand.

Q. What was he at the time that that account was made?—A. He was one of the editors of the Tribune.

Q. What is the date of that account?—A. It was opened on the 11th of May, 1872.

Q. State the entire account.—A. It is a pretty long one.

Q. Well, when did it close?—A. June 4th, 1872.

Q. How was it closed?—A. By crediting him, Noah Brooks, individually with that amount, \$5,186.96.

Q. So much gain as the result of the account?—A. Yes, sir; as far as I can judge; I cannot tell exactly.

Q. How large transactions did that account cover in the aggregate?—A. About five or six hundred shares of stock.

Q. These are all the names that, so far as the committee are able to determine now, can by any possibility have anything to do with our investigation. If the committee should find hereafter that any of the other names are connected at all with this investigation they will resume this line of examination. I desire now to ask you one or two questions about your own account. Do you know that a check for \$650,000 of the Pacific Mail Steamship Company, of date May 24, 1872, payable to the order of R. B. Irwin, was charged to Harriot & Noyes, your firm?—A. Only from hearsay.

Q. When did you first hear of it?—A. I think Mr. Hatch was the first person who told me about it.

Q. When?—A. A long while ago; soon after Mr. Stockwell left the company.

Q. When you heard that that was charged to your account what did you do?—A. I did not hear the amount stated. I heard Mr. Hatch say that there had been a number of things charged to us.

Q. When, if ever, did you make any investigation of any such charge against your firm?—A. I think that since the proceedings in Congress have commenced we looked over our books to see if there was anything of that kind.

Q. How long previous to that was it that Mr. Hatch communicated to you the fact that such a charge stood against you on the books?—A. A number of months.

Q. And you let the matter rest until Congress took it up?—A. Yes, sir.

Q. What did you do then?—A. I looked to see.

Q. Did you look anywhere else?—A. No, sir.

Q. Did you go to the office of the Pacific Mail Steamship Company?—A. No, sir.

Q. How did you find it stand on your own books?—A. I did not find anything at all.

Q. Did you communicate that fact to any one?—A. I may have done so. I may have consulted my partner or our cashier.

Q. Did you communicate with the Pacific Mail Steamship Company, or any person representing that company, about any such charge?—A. I did not.

Q. Did it excite any surprise in you?—A. It did at first.

Q. Did it excite any apprehensions lest a charge of that kind might be enforced against you?—A. No, sir.

Q. Did you know that the Pacific Mail Steamship Company claimed that it was properly charged against you?—A. I did not, sir.

Q. Did you read the account of Mr. Hatch's testimony in Washington; the statement that it was so charged against you, and that the money had gone into stock operations?—A. Yes, sir; I read that.

Q. Did that startle you any?—A. Not very much; because I knew it was not so.

Q. You have made no inquiry of him?—A. No, sir.

Q. Did you ever examine the books of the company upon that point?—A. No, sir.

Q. On what do you rely as security against such a claim being set up by the Pacific Mail Steamship Company against you?—A. Well, I knew that money had never gone through our books, and I thought we were perfectly safe.

Q. Do you know whether the account of the Pacific Mail Steamship Company with your firm is balanced to date?—A. We never had any account with them.

Q. On their books, I mean?—A. I do not know, sir.

Q. You have never inquired?—A. No, sir.

Q. You do not know whether they have a charge of that \$650,000 standing against you or not?—A. No, sir; I do not.

Q. What transaction had you on the 15th of May with that company?—A. I believe I have answered that already. I find that we had a check of \$232,200 and one of \$210,412.50 from them, making \$442,612.50.

Q. What are the entries in connection with it?—A. It is "P. M. S. Co.," and then those amounts.

Q. Are they credited with those checks?—A. No, sir.

Q. Who is credited with them?—A. Mr. Stockwell is credited with that amount; those two amounts were for five thousand shares of Pacific Mail, which we delivered to him, making \$442,612.50

Q. In point of fact, that was a stock transaction between you and Stockwell?—A. Yes, sir.

Q. For stock valued at that amount you received those checks?—A. Yes, sir.

Q. What transaction, if any, had you on the 21st of that month?—A. I find that we had one check for \$228,725.83, and another for \$21.15.

Q. What was the large check for?—A. The two together were for 4,700 shares of Pacific Mail delivered to him.

Q. Did you have any dealings with the Pacific Mail Steamship Company on the 21st of May, otherwise than as you have stated?—A. No, sir.

Q. Did you have any dealings with a man named Markham on that day?—A. I see we have a check here—three, four, checks of Markham's; do you wish me to state the amount of the checks that we received from him?

Q. Yes.—A. These checks that we received from Markham were for stocks that we delivered to him.

Q. Give each of them, and the aggregate.—A. One check for \$334,000; one for \$248,250; and one for \$249,000; making, in all, \$831,250.

Q. Had those checks any connection with the Pacific Mail Steamship Company?—A. No, sir.

Q. Can you help us to explain this entry on their books: "F. C. Markham Dr. to Harriot & Noyes. Transfer from former to later account, sundry checks, May 25 and 21, erroneously credited, \$622,175?"—A. No, sir.

Q. Have you any account with Markham of the date of May 15 except what you have read? I find this has been gone over before by the

committee, but if you know anything of any of those entries explain them.—A. I don't know anything about it.

Q. Have you any account with "Eldridge & Irwin, agents?"—A. No, sir.

Q. On May 12, 1872, did you have any dealings with them?—A. No, sir; not any.

Q. Here is "Harriot & Noyes (May 12) Dr. to Eldridge & Irwin," sundry items, \$40,000, \$35,000, \$20,000, \$5,000; carried out, \$100,000.—A. That never went through our books or office. The 12th of May was on Sunday.

By Mr. BECK:

Q. Look at that entry of May 24, a charge to Harriot & Noyes of \$650,000; is that a true or false entry, so far as your books show?—A. So far as our books show it is a false entry.

Q. So far as you know anything about it, is it a true or a false entry?—A. So far as I know anything about it, it is a false entry.

By the CHAIRMAN:

Q. There was no loan of that sum made to you?—A. No, sir.

Q. In the check that you drew for \$507,000 and some odd dollars, in favor of the Continental Bank, what was the \$7,000 for?—A. I cannot tell you; that was an exchange; the one balances the other.

Q. There is an entry on the books of the Pacific Mail Steamship Company, that this was for interest connected with that loan of May 24, a payment made by you as interest on that loan of \$650,000?—A. No, sir; it was not.

Q. You made no such payment?—A. No, sir.

H. E. MERRILL recalled and further examined.

By Mr. KASSON:

Question. Please examine the price-list which you hold in your hand, and state in whose writing it is, and what it purports to be.—Answer. It is in my writing, sir, and it purports to be the quotations of Pacific Mail stock, the highest and lowest prices on each day from May 15 to June 15, 1872, inclusive.

Q. Is it a correct transcript of those prices during that period of time?—A. It is, sir; taken from the Financial Record; I think that is the name of the paper.

Q. Will you append that list to your testimony and make it a part thereof?—A. Yes, sir.

Witness submitted the list, as follows:

	Highest.	Lowest.		Highest.	Lowest.
May 15, 1872.....	87 $\frac{1}{8}$	81 $\frac{1}{8}$	May 31, 1872.....	75 $\frac{1}{2}$	74 $\frac{1}{8}$
16, 1872.....	87 $\frac{1}{4}$	85 $\frac{1}{4}$	June 1, 1872.....	75 $\frac{3}{4}$	74 $\frac{1}{2}$
17, 1872.....	86 $\frac{1}{2}$	79 $\frac{1}{2}$	3, 1872.....	75 $\frac{1}{2}$	75 $\frac{1}{4}$
18, 1872.....	83 $\frac{1}{2}$	81 $\frac{1}{2}$	4, 1872.....	76	75 $\frac{1}{2}$
20, 1872.....	84 $\frac{1}{2}$	83	5, 1872.....	76 $\frac{1}{2}$	75
21, 1872.....	84 $\frac{1}{2}$	82 $\frac{1}{2}$	6, 1872.....	75 $\frac{3}{4}$	75
22, 1872.....	87 $\frac{1}{4}$	83 $\frac{1}{8}$	7, 1872.....	75 $\frac{3}{4}$	74 $\frac{3}{4}$
23, 1872.....	85 $\frac{1}{2}$	80 $\frac{1}{8}$	8, 1872.....	75 $\frac{3}{4}$	75 $\frac{1}{4}$
24, 1872.....	82	77 $\frac{1}{4}$	10, 1872.....	75 $\frac{1}{2}$	75 $\frac{1}{2}$
25, 1872.....	78 $\frac{1}{4}$	74 $\frac{1}{8}$	11, 1882.....	75 $\frac{3}{8}$	75
27, 1872.....	78	76 $\frac{1}{2}$	12, 1872.....	75 $\frac{1}{2}$	74
28, 1872.....	77 $\frac{1}{2}$	72 $\frac{1}{2}$	13, 1872.....	74 $\frac{1}{2}$	73 $\frac{1}{2}$
29, 1872.....	76	73	14, 1872.....	73 $\frac{1}{2}$	68 $\frac{3}{4}$
30, 1872.....	76 $\frac{1}{2}$	73 $\frac{3}{4}$	15, 1872.....	69 $\frac{1}{2}$	67 $\frac{1}{2}$

JAMES DELAMATER sworn and examined.

By the CHAIRMAN:

Question. Are you the cashier of the Marine National Bank?—Answer. Yes, sir.

Q. How long have you occupied that position?—A. Since 1861.

Q. Look at this slip and see whether it is a clearing-house slip.—

A. It is a clearing-house slip, dated May 30, 1872.

Q. Do you find upon that an entry of \$275,000?—A. I see there is such an entry.

Q. Do you recollect the presentation of that check to your bank?—A. I do not.

Q. Do you recollect being called on by the assistant cashier of the American Exchange Bank in reference to that check?

[By the direction of the committee, the official stenographer here read to the witness from the testimony of Mr. Dumont Clarke his statement of the conversation that he had with witness. The committee also informed the witness that the other man who had accompanied the one who presented the \$275,000 check was already identified.]

A. I would like to say to you, gentlemen, that I know something about this, but the whole matter has passed from my mind—I don't really know why.

The committee allowed the witness until to-morrow morning to refresh his memory.

J. L. WORTH sworn and examined.

By the CHAIRMAN:

Question. Are you the cashier of the Park National Bank?—Answer. Yes, sir; and have been since 1863.

Q. You were the cashier during May, 1872?—A. Yes.

Q. Do you know William S. King, who was then Postmaster of the House of Representatives?—A. He was introduced to me by or through the State National Bank of Minneapolis, and I saw him two or three times for five minutes at a time.

Q. Do you remember his bringing to your bank on or about the 29th of May, 1872, an amount of money, and paying a note to your paying-teller?—A. All the rest of what I know, gentlemen, I simply have known within a day or two through our note-teller. All the business was done through him and not through me. I have learned that Mr. King took out some three or four certificates of deposits, amounting to over \$100,000, that he deposited the money or the representative of the money, and took out those certificates. That, I believe, was about the 30th of May, 1872.

Q. Do you remember Mr. Dumont Clarke, the assistant cashier of the American Exchange Bank, having called to see you upon that subject at the time?—A. No, sir.

Q. What is the name of your teller?—A. Thomas Ellis. It is only since this investigation began that my attention was called to the subject, and what I know I know of his statements to me.

Q. Had Mr. King an account in your bank?—A. No, sir.

Q. He had simply this one isolated transaction?—A. Yes, sir.

THOMAS ELLIS sworn and examined.

By the CHAIRMAN:

Question. Please state your occupation.—Answer. I am note-teller of the Park National Bank.

By Mr. BECK:

Q. The committee desire to get all the information that you are in possession of relative to the payment by William S. King of a considerable sum of money to your bank about the 29th or 30th of May, 1872. Tell all you know about it, in your own way, without waiting to be questioned.—A. I have a little memorandum. On the 30th of May, 1872, I received from W. S. King \$112,000 to be used as follows: \$40,000 to be placed to the credit of the State National Bank at Minneapolis, Minn.; \$15,000 to pay a note of Mr. King's that had matured on the 16th day of May, together with \$40.03 interest, the amount due up to 30th of May; and \$1,000 to be placed to the credit of the First National Bank of Saint Paul, Minn. Also, I issued to his own order six certificates of deposit as follows: No. 2547, for \$25,000; No. 2548, for \$10,000; No. 2549, for \$10,000; No. 2550, for \$5,000; No. 2551, for \$5,000; No. 2552, for \$1,459.17; making a total of \$112,500.

Q. The certificates of deposit amounted to how much?—A. Fifty-six thousand four hundred and fifty-nine dollars and seventeen cents.

Q. How was the money drawn on these certificates of deposit—in what form?—A. I have the certificates in my possession, [producing them.] They were issued to the order of W. S. King and deposited by him. No. 2547 is the first; it was issued to his own order, indorsed "W. S. King," and paid June 8. There is no other indorsement than that. That indorsement indicates that they were paid to him individually directly.

By Mr. WOOD:

Q. Have you a recollection how this came back to you—through your bank exchanges, or how?—A. It was brought back by Mr. King individually.

Q. You recollect that distinctly?—A. Yes, sir.

Q. And the money was paid to him?—A. Yes, sir.

Q. Take the next number, 2548.—A. That is for \$10,000; it is indorsed "W. S. King." That one we received from our Washington correspondent: "Pay National Park Bank or order, for account of Lewis Johnson & Co., Washington, D. C.," and it is indorsed: "Lewis Johnson & Co." We received that in a remittance by mail from Lewis Johnson & Co., bankers, in Washington, on the 7th of June, and put it to their credit.

Q. They drew against it?—A. Yes, sir; they have a regular account with us, and this was probably with other items.

Q. Take the next, No. 2549?—A. That is for \$10,000, and indorsed "W. S. King" in blank.

Q. Have you any recollection how that came back?—A. Nos. 2547 and 2549 amount together to \$35,000. There was \$30,000 paid on June 8; \$5,000 of it went to the credit of the First National Bank of Saint Paul, and the other \$30,000 was given to Mr. King in cash.

Q. No. 2550, for \$5,000, indorsed, "Pay Darling, Griswold & Co., or order; W. S. King;" also, indorsed, "Darling, Griswold & Co.;" state who they are, and when that was paid.—A. That was paid June 1, 1872. We received it through the clearing-house.

Q. Are Darling, Griswold & Co. bankers in New York?—A. No, sir; I don't know that they are. I was told two or three days ago that they were the proprietors of the Fifth Avenue Hotel.

Q. Was it paid to them or put to their credit?—A. Mr. King indorsed them over to Darling, Griswold & Co., and they deposited them in their bank. I don't remember the bank, but I can ascertain; they are stamped with the number of the bank, "63." No. 2551, for \$5,000, is

indorsed "Pay John H. Rice or order. Wm. S. King." John H. Rice indorses it, and then it reads: "Pay to the order of Jay Cooke & Co." Jay Cooke & Co. indorse it, and it is deposited by Jay Cooke & Co. in the Bank of Commerce, New York. The other indorsement is merely a stamp, "For deposit to credit of Jay Cooke & Co., New York City." It was originally drawn to their order in Washington, D. C., and they forwarded it to Jay Cooke & Co. in New York. The indorsement shows that Jay Cooke & Co. received the check from Rice and then forwarded it to the house of Jay Cooke & Co., New York, to whose credit it was deposited in the Bank of Commerce. That was paid on the 4th of June.

Q. Do you know anything about John H. Rice?—A. No, sir.

Q. Take No. 2552, for \$1,459.17, indorsed "Pay Darling, Griswold & Co. or order. Wm. S. King;" and then "Darling, Griswold & Co;" these gentlemen, you understand, are the proprietors of this hotel.—A. Yes, sir; from hearsay.

Q. That appears to have been paid to them. Is the clearing-house number on it?—A. No, sir; they appear to have got the cash on it from some bank; it does not look as if it had gone through the clearing-house at all.

Q. Do you know anything more about it?—A. I don't know anything more about it. That is from A to Z of the whole transaction.

Q. I think you said that Mr. King had no other account in your bank?—A. No other.

Q. Had he had any transaction with your bank before this?—A. Well, I am under the impression that Mr. King had notes maturing, payable at our bank. I have seen him since.

Q. You know him personally?—A. Yes, sir.

By the CHAIRMAN:

Q. When was this note of King's given—the one that was paid?—A. I cannot tell you when it was given. It was given on the 16th of May. It was regularly protested, and, I think, was returned regularly to the State National Bank of Minneapolis, and they returned it, stating that Mr. King would call and pay it, which he did, with \$40 interest.

Q. To whom was the note drawn—to you?—A. No, sir.

Q. Do you recollect where it was made?—A. No, sir; I do not.

Q. Did any one accompany Mr. King at the time he made this deposit?—A. No, sir; he was alone.

Q. Were you acquainted with him personally before the time that he made this deposit?—A. No, sir.

Q. That was the first that you saw him?—A. The first time that I had ever seen him.

By Mr. WOOD:

Q. During this transaction with Mr. King, did he give you any explanation or indication of what uses he wanted to put those certificates of deposit to?—A. No, sir. He merely just stated to me his wants, and I supplied them, and he went his way.

Mr. J. L. Worth stated that the president of the Park National Bank had requested him to say that he was willing to come before the committee at any time they might require him to do so, but that he knew nothing relating to the subject of the investigation beyond what had been testified to by Mr. Worth and Mr. Ellis, and nothing at all personally. The committee informed Mr. Worth that if they desired the attendance of the president of the bank hereafter they would summon him again.

NEW YORK, *Tuesday, December 29, 1874.*

GEO. S. SCOTT, vice-president of the Pacific Mail Steamship Company, recalled and examined:

By Mr. KASSON:

Q. Please state whether you were advised from the office of the Pacific Mail Steamship Company of any charge made against your house under date of May or June, 1872, and, if so, state whether such account existed.—A. There was what purported to be a transcript of the Pacific Mail Company's books presented to me, in which the firm of Scott, Strong & Company appeared to have been a borrower, I believe, of several large amounts. I remember one large amount, and, I think, several. On examination of the books of our firm, and from my own memory, we found that we never had borrowed any such amount of money from the Pacific Mail Steamship Company.

Q. In other words, were those entries that were reported to you true or false?—A. They were false.

Q. Who furnished you that transcript?—A. Mr. Rufus Hatch, then managing director of the company.

Q. Do you recollect the total amount of those false entries?—A. I do not; but they amounted to quite a large sum of money.

Q. Hundreds of thousands, or less?—A. Over a hundred thousand, considerably.

By Mr. DAWES:

Q. Were they balanced by corresponding entries?—A. That I don't know; I never looked into the books.

Q. You don't know whether you stand debtor on their books for that amount or not?—A. I do not.

Q. You did not examine the books, but only took the transcript shown you by Mr. Hatch?—A. That was all.

Q. At the time the transcript was shown to you he was the managing director, but he was no officer of the company when the entries purported to have been made?—A. He was not.

Q. He called your attention to it after he became managing director?—A. Yes, sir; I was also a director at the time that Mr. Hatch showed me this transcript.

Q. Were you a director at the time that the entries against your firm purported to have been made?—A. I was not.

By Mr. BECK:

Q. State as well as you can the period of time covered by the account in which those false entries appeared.—A. I really cannot define the time, but I think it was in the spring of 1872.

Q. Has that account of Scott, Strong & Co. with the Pacific Mail Steamship Company not been settled or furnished to you?—A. It has never been furnished to me or to any member of our firm.

Q. Why are accounts allowed to remain open so long as that?—A. I don't know that they are open; I presume they are not. It simply appeared as a loan of money to our firm.

Q. It must have been met, if it was settled, by corresponding credits?—A. I suppose so.

Q. Didn't that occur more than once in your account?—A. I think there were several entries; as many as two or three.

Q. Was not there one sum as large as \$300,000?—A. No, sir. I think there was one of \$150,000 and one of \$50,000; that is my recollection.

Q. Can you furnish us that account and make it part of your testimony, and indicate upon it the false debits and credits?—A. Yes, sir; I can get it from the company. We have no such entries on our books.

Q. You are entitled to your own account on demand?—A. Yes, sir; I will get it, and I will note upon it whether any such, by or to our firm.

By the CHAIRMAN:

Q. Are you or your firm now indebted to the Pacific Mail Steamship Company on that account?—A. We are not, sir.

Q. A portion of those entries were correct?—A. Not that I am aware of; I don't think there was an entry there that was correct—there may have been.

Q. I understand you to say that if there are any entries on the books of the Pacific Mail Steamship Company charging your firm with money loaned, they are false entries?—A. No, sir; I would not like to say that; it is barely possible that our firm may have borrowed money from the Pacific Mail Steamship Company, at some time; we are large borrowers of money, and we may have borrowed of them; but my attention was called to two or three entries which I compared with our books, and I found that we had never got any such loans.

Q. Then there are some entries of loans to your firm that are false entries?—A. There is no question about that.

Q. Have you examined the books of the company?—A. I have not seen the books; but I have seen the transcript furnished by Mr. Hatch.

CHRISTIAN B. MCDUGALL sworn and examined.

By the CHAIRMAN:

Question. Where do you reside, and what is your occupation?—Answer. I reside in the city, and am a police officer.

Q. Do you know Mr. Coe, the president of the American Exchange Bank?—A. Yes, sir; George S. Coe.

Q. Do you recollect his sending for you in May, 1873, and calling your attention to a gentleman who would appear at the bank at that time?—A. He did call my attention to something of that kind; I think it was in 1872.

Q. Did you make any inquiry about him? If so, state what you did.—A. I followed the gentleman, at Mr. Coe's request. Mr. Coe called my attention to a gentleman who had presented a check for a large sum of money, I think. My impression is that Mr. Coe felt very anxious about it, as he could not learn who the man was. He refused to give his name, or at all events he did not give it. In accordance with Mr. Coe's request to learn as much as possible of him, I did so.

Q. Where did you see this gentleman first?—A. In the bank.

Q. Mr. Coe pointed him out?—A. I suppose he did.

Q. Was he alone at that time, or did anybody accompany him?—A. Well, my memory don't serve me; I don't remember.

Q. Was any one with him when he left the bank?—A. That I don't remember; my attention was called entirely to him.

Q. When did you last see, and where, the gentleman whom you followed?—A. I last saw him sitting in an office in the Equitable Building.

Q. Was his name mentioned to you?—A. Yes, sir; I was told his name.

Q. And what was it said to be?—A. A Mr. King.

Q. Anything else?—A. And that he had formerly been connected with the House of Representatives as postmaster.

Q. You bore that message to Mr. Coe?—A. No, sir; I learned that from Mr. Coe. I don't know how you receive this testimony, but in the courts we are not allowed to say anything except of our own knowledge.

Q. There was no one else with him that you now recollect?—A. I don't remember any one else, because my attention was called only to him.

Q. Well, don't you recollect, as you followed him to this building, whether he was alone or had somebody with him?—A. My impression is that there was nobody with him when he went up to the Park Bank.

By Mr. KASSON:

Q. Was your attention called to anybody, who was apparently with him, having a heavy mustache?—A. No, sir; I don't recollect any one at all.

JULIUS M. NOYES sworn and examined.

By the CHAIRMAN:

Question. Are you a member of the firm of Harriot & Noyes?—Answer. Yes, sir.

Q. How long have you been connected with it?—A. Nearly five years.

Q. Where are you doing business?—A. No. 19 New street.

Q. Do you know A. B. Stockwell, the former president of the Pacific Mail Steamship Company?—A. Yes, sir.

Q. And Richard B. Irwin?—A. I don't know Mr. Irwin; I have never seen him.

Q. In May, 1872, did you have any business transaction with A. B. Stockwell or with the Pacific Mail Steamship Company, as brokers, for Stockwell?—A. We did, sir, with A. B. Stockwell.

Q. There appears upon the books of the Pacific Mail Steamship Company an entry on May 24, 1872, under "loan account," of a charge against Harriot & Noyes of \$650,000; have you any knowledge of that transaction?—A. No, sir.

Q. Here is a check for \$650,000, indorsed by R. B. Irwin; have you any knowledge of that check or of the transaction?—A. No, sir; none whatever.

Q. Did you have the avails of that check?—A. No, sir.

Q. Will you examine this check of the Pacific Mail-Steamship Company, No. 3,023, drawn September 7, for \$500,000?—A. That check has passed through our hands; it has my indorsement.

Q. Will you state to the committee what you know of this transaction?—A. That check is what we call an exchange check; for that check we gave our check on the Continental Bank for that amount.

Q. Explain why that was done.—A. I cannot, except for the accommodation of Mr. Stockwell.

Q. Simply for his accommodation?—A. Yes, sir.

Q. What did you give in exchange for that?—A. The transaction is on our books on September 9; this check is dated the 7th; we gave a check on the Continental Bank for \$507,547.95.

Q. Did he give you anything for it besides the exchange check?—A. Not that day, he didn't.

Q. Upon the Pacific Mail Steamship Company's books is there an entry that the \$7,547.95, in the memorandum, is interest paid on a loan of \$650,000 on May 24?—A. We find that this \$7,547.96 was paid on the next day by the check of the Panama Railroad Company.

Q. Could that have been a payment of interest—that extra amount?—
A. No, sir; there was no such transaction.

Q. There was no \$650,000?—A. No, sir. The entry says, "Panama Railroad Company credit Pacific Mail Steamship Company."

By Mr. BECK:

Q. So far as that \$650,000 is concerned, any entry upon the books of the Pacific Mail Steamship Company indicating that that was paid to you is false; all entries in relation to it to that effect are false, you say?—A. False. I do not know anything of them.

Q. There was no right in any business transactions, so far as you know, to charge that to Harriot & Noyes?—A. No, sir; not so far as I know.

Q. For whatever purpose it was done, it was not done for a legitimate purpose?—A. Not so far as we were concerned.

Q. Have you ever given Mr. Stockwell, or any officer of that company, any authority to use your name to cover up false entries, or to cover up anything?—A. No, sir.

Q. The other transaction you explain as a simple exchange of checks for the accommodation of Mr. Stockwell?—A. Yes, sir.

Q. And it was settled up in a day or two?—A. Yes, sir.

Q. It was not a real transaction bearing upon the Pacific Mail Steamship Company's business, but simply an accommodation-loan to Mr. Stockwell?—A. That was all.

Q. He having been a large customer of yours from time to time?—A. Yes, sir.

By Mr. DAWES:

Q. What is the interest on \$650,000 from May 26 to September 10?—
A. \$13,778.

Q. As this appears by the indorsement to have been a transaction between Stockwell and yourself, personally, won't you tell us why you gave him, in exchange for a \$500,000 check, your own check, on the same day, for \$507,547.95?—A. I cannot tell, unless it was because he requested it.

Q. Do your books show which transaction first occurred in the giving of the checks, or were they given simultaneously?—A. Simultaneously, I should say.

Q. Have you any knowledge why the exchange was made, and a check of \$500,000 of the Pacific Mail Steamship Company given for your check of \$507,547.95?—A. No, sir.

Q. The difference of the two checks was made up when?—A. The next day, by the check of the Panama Railroad Company.

Q. Have you any knowledge of the reason why these two checks of the company, dated on two different days, one of \$500,000, and one of \$7,547.95, were given you on two different days, for your check of \$500,000?—A. I have not.

Q. You have no knowledge at all?—A. No, sir.

Q. Do you know whether your account is balanced on the books of the Pacific Mail Steamship Company?—A. I do not.

By Mr. KASSON:

Q. Was Mr. Stockwell an officer of the Panama Railroad Company?—A. Yes, sir; I think he was president at that time.

Q. Did you receive in exchange for your large check one of the Pacific Mail Company's and one of the Panama Railroad Company's?—A. Yes, sir.

Q. Does this indicate that this loan had any connection with the business of one company or the other, or both, or is it no indication at all?
—A. It indicates nothing, sir.

Q. Why was the check you gave him, carried out into cents, instead of being in round numbers?—A. He gave me those figures.

Q. And he left you those two checks, or did he give you one of them at a subsequent time?—A. He left us the \$500,000 check, and the next day he gave the check for \$7,547.95.

Q. Did you exchange checks with him frequently?—A. No, sir, not that I know of; I am not aware that we did.

Q. Is this the only transaction that you remember in which checks were exchanged?—A. I should say it was. I cannot tell without my books.

Q. Have you any reason to believe that there was any other approaching the magnitude of this?—A. No, sir.

Q. It was done in just these figures because he requested it to be done?—A. Yes, sir; that is my recollection of it.

By the CHAIRMAN:

Q. Had you any business dealing with Eldridge & Irwin in May, 1873?—A. No, sir.

Q. The Pacific Mail Steamship Company's accounts have an entry of Harriot & Noyes, debtor to Eldridge & Irwin, agents, for \$100,000, made up of \$40,000, \$35,000, \$20,000, and \$5,000.—A. I have no knowledge of that; it is the first I ever heard of it.

By Mr. BECK:

Q. I want to get this \$650,000 loan exactly in my mind. Mr. Stockwell wanted to borrow from you \$507,000, with some odd dollars and cents; he wanted the sum for which you gave him your check for some purpose unknown to you, and at the time you gave him the check he gave you the check of the company for \$500,000, even money, and the next day brought you the check of the Panama Railroad Company to balance your check.—A. Yes, sir.

Q. That is the whole transaction?—A. Yes, sir.

Q. He needed that particular sum, dollars, cents, and all, as you gave him your check, and only having the \$500,000 check then with him, he made the balance good the next day; is that the whole thing?—A. Yes, sir.

By Mr. KASSON:

Q. Assuming the charges on the books of the Pacific Mail Steamship Company just mentioned to you—the Eldridge & Irwin charges—if those entries exist, are they true or false entries?—A. They are false.

Q. No such transaction took place with which Harriot & Noyes were connected?—A. No, sir.

By Mr. NIBLACK:

Q. Had you ever received any notice of that entry being made against you until this investigation?—A. No, sir.

Q. No account has ever been presented to you based on these entries?—A. No, sir.

By Mr. WOOD:

Q. Were you in any way interested with Stockwell in his operations?—A. Not at all, sir.

Q. You acted simply as brokers?—A. Yes, sir.

Q. You had no interest in his transactions nor in the transactions of any of these other parties that he opened accounts for?—A. None whatever.

JOHN P. ILSLEY sworn and examined.

By the CHAIRMAN:

Question. Where is your residence?—Answer. Philadelphia.

By Mr. KASSON:

Q. Your name has been associated with some alleged information about a portion of the money said to have come from the Pacific Mail Steamship Company, and with the name of one Mr. King. I wish you would state what you know in respect to Mr. King's handling any of that money, and what your source of information is.—A. I know nothing at all about it, except that I repeated the statement of Mr. Coe, president of the American Exchange Bank.

Q. Did you make any statement except that based upon the information derived from Mr. Coe?—A. No, sir.

Q. Have you any other information than that which you derived from Mr. Coe?—A. No, sir.

Q. You have no knowledge derived from any persons connected with the handling of that money, or connected with it in any way?—A. No, sir.

Q. Did what you heard differ from what Mr. Coe said here yesterday?—A. No, sir.

Q. Do you know Mr. King?—A. Yes, sir. I live in Saint Paul in the summer, and Mr. Coe was there last summer, and he made this statement to me; I repeated that statement substantially, and that has made me, I suppose, to be connected with it.

Q. You never had any conversation with Mr. King about it?—A. None whatever.

Q. You say you live in Minnesota?—A. I do in summer.

Q. Do you happen to know in what bank Mr. King keeps his account in Minnesota, or kept it at that time?—A. I do not.

By Mr. DAWES:

Q. You have seen in the papers Mr. Coe's statement here?—A. I have, sir; that is substantially the statement that he made to me.

CHARLES W. GRISWOLD sworn and examined.

By the CHAIRMAN:

Question. Are you a member of the firm of Darling, Griswold & Co., the proprietors of the Fifth Avenue Hotel?—Answer. Yes, sir.

Q. Look at the indorsements on the certificates of deposit shown to you, Nos. 2550 and 2552.—A. Those are our indorsements.

Q. Describe those certificates by numbers, dates, and amounts.—A. No. 2552 is dated May 30, 1872, for \$1,459.17; it is drawn in favor of W. S. King and indorsed payable to Darling, Griswold & Co.'s order, "W. S. King," and then there is my signature for Darling, Griswold & Co. The other is dated May 30, 1872; the number is 2550, and the amount \$5,000; it is made in favor of W. S. King, and is indorsed by him and by Darling, Griswold & Co.

Q. State what you know in reference to the presentation and cashing of those checks.—A. I have no remembrance of the matter, only what I find from our books. I suppose our cashier, Mr. Gage, who made the entries, will identify the transactions more closely than I could myself.

By Mr. KASSON :

Q. All you know, then, of your own knowledge, is that you indorsed that check as it appears there?—A. Yes, sir.

Q. And you do not know how it was paid out—what consideration you gave for it?—A. I know nothing about it, except what I see from the books.

Q. Do you find that this amount was disbursed by you to Mr. King?—A. Yes, sir; it is all stated here in the books in the sums paid out.

Q. Was it paid out in one sum?—A. No, sir; in various sums.

WILLIAM B. GAGE sworn and examined.

By the CHAIRMAN :

Question. Please state your business.—Answer. I am the cashier of this hotel. I was the cashier in May, '72.

Q. Look at the certificates of deposit just identified by Mr. Griswold, and state in your own way what you know in regard to them.—A. I find these two certificates, No. 2550 and No. 2552, bearing our indorsement. In looking at the checks I suppose that Mr. King presented them at our desk and requested that they should be placed to his credit, which, according to our books, was done. The first check, for \$1,459.17, was deposited on the 31st May, 1872, and the check for \$5,000 was deposited on the 1st June, '72.

Q. When, how, and to whom was the money paid?—A. He drew against it in different sums. I can tell you by our cash-book whether I paid it to him personally, or I paid it to different persons here in town. The first charge here is \$800, paid on the 31st of May. That was paid to himself; and the next charge of \$500 was paid to him on the 31st. Then there was \$2,750, paid on the 1st June, to Tiffany & Co., jewelers; and on the 1st of June there is a charge here of \$125, which was paid to G. A. Brackets—paid to him personally. I do not know who he is. On the 2d day of June, according to our cash-book—(I may state that our "days" here commence at noon, so that we may have two dates actually on the same day)—on the 2d of June, according to our books, there is a charge of \$25, which was paid to Mr. King himself. On the 2d of June there is \$38, paid to Tiffany & Co.; and on the 2d of June, \$68.93 was paid to himself; then on June 2d we gave him our check for \$2,900 to balance his account, and he went away on the 31st.

Q. Was he a guest at this hotel at that time?—A. He was a guest at the hotel from the 29th of May until the evening of the 31st.

Q. Do you know him personally?—A. Yes, sir.

By Mr. BECK :

Q. Do you remember whether at that time, when Mr. King was a guest at this house, and those moneys were passing through your hands, he was in company with anybody?—A. No, sir; I do not. It was some time ago.

Q. I did not know but some friend had come with him and had associated with him while here.—A. I do not remember who was with him; he never seemed to be with anybody in particular; he never remained in the hotel long.

Q. I am asking particularly about those three days from May 29th to May 31st.—A. I do not remember who he was with.

By the CHAIRMAN:

Q. Have you the register of the Fifth Avenue Hotel of May 29, 1872?—A. Yes, sir.

Q. Please state whether William S. King was a guest of this house at that time.—A. He arrived at dinner-time on May 29, 1872.

Q. Do your books indicate the day of his departure?—A. The ledger-account does.

Q. Do you recollect when he left?—A. He left on the 31st of May, after dinner.

Q. Mr. King's name is entered upon the hotel-register in his own handwriting, I understand you to say?—A. Yes, sir; in his own handwriting.

JOHN ROACH sworn and examined.

The WITNESS. I would ask permission to read a statement that I have prepared in regard to my knowledge of this subject before answering any questions. It is entirely bearing on the subject under consideration, and I believe it will lead the committee to ask questions which will throw some light upon the subject, and which they would not ask were I not to read the statement.

The committee declined to hear the statement at this time, and the examination of the witness proceeded.

By Mr. DAWES:

Question. Where do you reside?—Answer. In the city of New York; my business is building iron ships and engines; I have been in that business of iron-ship-building less than three years; before that, building steam-engines was my business.

Q. Have you had any transactions with the Pacific Mail Steamship Company?—A. Yes, sir.

Q. When did they commence?—A. I could not give you the exact date, but I think it was in the latter part of 1871 or the early part of 1872.

Q. Are they closed up now?—A. No, sir.

Q. In 1871 what was the character of your business with them?—A. I was building for them, in the fall of 1871, one vessel for the trade between here and Aspinwall.

Q. Up to the 1st of June, 1872, what did you do for them?—A. I built another vessel for the same trade, of the same character.

Q. You built two vessels prior to June 1, 1872?—A. Yes, sir.

Q. Did you have any other business with them up to that time except building these vessels?—A. That was all, sir. At the time when these contracts were made other persons had the preference of their business, because I thought that—

Q. We do not desire to go into the detail of your business relations with them, any further than it may be necessary for our investigation. You know the purpose of our investigation, I suppose?—A. Yes, sir.

Q. Did you know at the time that they were applying to Congress for a subsidy?—A. No, sir; I had no knowledge of that of any kind, further than what I saw in the public press.

Q. When did you first know of that?—A. Not till they came to talk with me about building those large ships.

Q. After or before the 1st of June, 1872?—A. After the subsidy became a law.

Q. After the subsidy became a law was the first you knew anything of it?—A. Yes, sir; the first thing I knew of it, anything more than by common rumors in the press.

Q. Had you anything to do with them while the matter was pending—A. Neither directly nor indirectly had I anything to do in regard to it. I don't know that I ever spoke to a public man, in or out of Congress, on the subject.

Q. Did they ask you to aid them in procuring the passage of the subsidy in any way?—A. No, sir; I stated at one time before——

Q. Answer my question: No one in behalf of the company asked you to aid them in any way in procuring the passage of the subsidy?—A. No, sir.

Q. *Did* you aid them in any way in procuring its passage?—A. No, sir; neither directly nor indirectly. I had no knowledge even of its details.

Q. Did you speak to any member of Congress in their interest?—A. No, sir; I never spoke to a member of Congress on the subject. I doubt very much whether I was in Washington at all during the time.

Q. Did you know who was employed by them there to aid in procuring the passage of the subsidy?—A. No, sir; I did not.

Q. Did you know of any one individual?—A. I will state one transaction, and probably it will explain. I did state before one of the committees in Congress——

Q. No matter about that; please confine yourself to this question. Did you know of any one who was employed to aid them in procuring the subsidy?—A. No, sir; I had no knowledge of any one.

Q. Did you see any individual there previous to the 1st of June in the business of aiding them?—A. No, sir; I had no conversation with anybody in Washington on the subject.

Q. Did you see any money pass between any individuals there for the purpose of aiding in procuring the subsidy?—A. No, sir; I never saw any.

Q. Did you know of any?—A. No, sir; I did not.

Q. Do you know now of any?—A. No, sir; I do not.

Q. Do you now know of any individual who was employed there to aid in procuring the passage of the subsidy?—A. No more than by common rumor that Mr. Irwin was the man. That is all I know.

Q. Did you know Mr. Stockwell previous to June, 1872?—A. Yes, sir; I met him three or four times in business transactions in regard to our contracts.

Q. Did anything pass between you and Stockwell prior to June, 1872, in respect to the subsidy?—A. Not a word.

Q. Or between you and Mr. Irwin previous to that time?—A. I remember saying, when asked if I knew Mr. Irwin, that I had no knowledge of the man; and I say the same thing to-day, with this explanation: In a busy life, thousands of persons are introduced to me; I see them once and they go away, and I probably would not know them again if I met them. I think Mr. Irwin came to me once in New York, introduced by somebody, but I did not remember it. I think he came to ask me for some statistics in regard to the China trade, because I was a man known to be posted in that. I gave him the statistics, and I had no more knowledge of him after that than before. I do not think I would know him to-day from any other gentleman in this room.

Q. Where were you during the winter and prior to June, 1872?—A. I was in New York.

Q. Were you in Washington on any business?—A. Not particularly; I may have been there, but I had no knowledge of this business, of any kind.

Q. What you have to do in connection with the subsidy is under

some arrangement entered into between you and the Pacific Mail Steamship Company since June, 1872, is it not?—A. No, sir; I have had nothing to do with the company that would influence me one dollar.

Q. That I do not inquire about. You say you knew nothing about the subsidy, and had nothing to do with it prior to June, 1872; you knew nothing about it, except what the newspapers told you?—A. That is all.

Q. If you know anything about it now, and have anything to do with it now, it is because of some arrangement between you and the company which has been made since that time? I do not ask you what that arrangement is; I only ask for the fact.—A. I will tell you, sir; I had a contract——

Q. No matter about that; you understand my question. If all you knew about the matter up to June, 1872, was what you got from the newspapers, then if you know anything more about it to-day, or have any connection with it, that knowledge or that connection is the result of some arrangement made between you and the company since June, 1872, is it not?—A. I have no arrangement.

Q. I do not ask you what it is.—A. I am not going to explain what it is, but I am going to say that I have never made any arrangements with the company in any shape or form that altered my position with the company; but there is one thing that I will explain——

Q. I do not ask you to state it; but whatever it is, it has occurred since June 1872, has it not?—A. It has.

Q. Then, up to June, 1872, you had no arrangement with the company that had anything to do with the subsidy?—A. Not at all.

Q. And whatever you have or have had to do in connection with the subsidy has arisen since then?—A. Yes, sir.

Q. Was it with Mr. Stockwell that the arrangement was made, whatever it is?—A. I cannot call it an arrangement, sir.

Q. No matter what it is—your dealings of any sort in connection with the subsidy?—A. I have had no dealings with them.

Q. Who represented the Pacific Mail Steamship Company in the transactions with them into which you have entered since June 1, 1872?—A. The present board of directors. If there was any arrangement of any kind, it must have been with them.

Q. Whatever arrangement you made was not made with the old board, with Mr. Stockwell at its head?—A. No, sir.

Q. You made your arrangement with the board that succeeded Stockwell's board?—A. I cannot say that there was any arrangement at all.

Q. Well, whatever dealings you have had of any character since that time have been with the present board?—A. Entirely so.

Q. Have those dealings which you have had with the present board since June, 1872, had any reference to any charge or expenditure before June, 1872?—A. No, sir.

Q. No reference to it whatever?—A. Not a particle.

Q. Is there any element in this present contract of yours that has reference to any expenditures prior to June, 1872?—A. No, sir, not a dollar; nor an idea on the subject has ever been suggested to me.

JAMES DELAMATER recalled and further examined.

By the CHAIRMAN:

Question. Have you examined in reference to the check about which we inquired of you yesterday?—Answer. I have, sir.

Q. State to the committee what you have ascertained in regard to it, all that you know about it.—A. I hold in my hand a ticket of deposit, showing that there was deposited by the Brooklyn Trust Company, on May 30, 1872, \$275,000, in one check. The trust company kept an account in the Marine Bank, and this is the ticket of deposit:

Deposited by B. T. Co. in the Marine National Bank, May 30, 1872.

Specie	
Bills	
Checks	\$275,000

I will take now what we call our credit-book and refer to the entry there. I find here an entry to the credit of the Brooklyn Trust Company (with the title abbreviated) \$275,000, on the 30th of May, 1872. Now, I will take the ledger and read from it the entry there made. On the 30th of May there is credited to the Brooklyn Trust Company \$275,000. This is the only deposit that we had of that exact amount on that day. We had other deposits larger and smaller.

By Mr. BECK:

Q. How did you pay that out?—A. It passed to their credit, and we must have paid it on their checks.

By the CHAIRMAN:

Q. Was this particular amount drawn against?—A. No, sir, not in whole.

Q. Did you have a general account with the Brooklyn Trust Company?—A. We had.

Q. And this was passed to their credit in that general account?—A. It was.

Q. Were there any drafts upon your bank connected with those transactions?—A. I cannot say that there were any, but it is fair to presume.

Q. Are you now, by examination of the books of your bank, or by conversations, or by recalling the circumstances connected with transactions, able to state what occurred in regard to the presentation or receipt of that check?—A. The only thing that I know of it is the evidence that I have produced to you, what we term the "ticket" making the deposit, and of the credit to them on our books; beyond that I know nothing.

Q. Was there a deposit of another check for that amount upon that day?—A. No, sir.

Q. On the preceding day?—A. No, sir.

Q. And this is the only credit on that date, of that amount, on your books?—A. All the information or knowledge that I possess on the subject is now laid before you, gentlemen.

Q. Mr. Clark testifies that he had a conversation with you in regard to this check; what do you say about that?—A. Well, I have read his statement in the newspapers, and the stenographer here read it to me yesterday. He stated, it appears, that he called upon me and inquired in reference to this check, and that I made inquiry and told him it was entirely right, so far as we knew. The Brooklyn Trust Company was a responsible institution at that time; its stock was 125, or perhaps more, and I may have made the statement upon that ground. Beyond that we knew nothing.

Q. Do you recall the fact that you told him that the check came from the Brooklyn Trust Company?—A. No, sir; I do not think I did tell him that; I told him that the deposit had been made with us by parties who were responsible. I could not at that time say that the check was

on the American Exchange Bank ; but I am led to suppose so from the fact that I see on their statement the charge, and that is the only such charge on that day.

By Mr. KASSON :

Q. Who was the president of the Brooklyn Trust Company at that time?—A. E. S. Mills.

Q. Who was secretary?—A. M. P. Rodman. Mr. Mills is dead and Mr. Rodman has gone into disrepute somewhere.

Q. Do you know whether he is still living in Brooklyn?—A. I do not know.

Q. Is the company in existence still?—A. It is re-organized.

Q. Is it carrying on business at the same place?—A. At the same place.

Q. Did the check come to your bank by a messenger of the Brooklyn Trust Company?—A. Possibly; I cannot say; very likely it did, and yet I do not know; of that I have no knowledge at all.

Q. What officer in your bank would have received the check when it came?—A. The receiving-teller.

Q. No individual saw you on the subject of that check during 29th or 30th May?—A. Not to my knowledge. I have no recollection of seeing Mr. Clarke, though he says that I did see him.

Q. Turn to your account with the Brooklyn Trust Company, covering the dates May 30 and 31, and June 1. What is the largest sum drawn up to and including June 1 by the Brooklyn Trust Company?—A. I find there is a debit of \$150,000 on the 30th May. There were three checks, however.

Q. Give the checks of that date.—A. The amount of the three is \$150,000.

Q. In what sums?—A. That does not appear.

Q. Are they spoken of as three checks?—A. As three checks.

Q. Specific sums are not given?—A. Not at all; that was on the 30th May, the day of the deposit.

Q. Does it appear what drafts were made on the 31st May?—A. There appears to be a charge, \$38,750 on June 1; but none on May 31.

Q. What is the amount of those drafts on your book on 29th May?—A. I have no charge at all.

Q. On 28th?—A. No, sir.

Q. On 27th?—A. None.

Q. On 26th?—A. None. I may as well go back further. There was a charge on the 11th May of \$50,000, and on the 13th of \$50,000, and on the 30th of \$150,000.

Q. How long after May 30th was it before that amount of \$275,000 appears to have been drawn?—A. I have got to go into a little figuring there. So far as the account goes, I make it that by the 12th June \$512,000 was drawn out, which would include the entire amount of their deposit, and it ran along up to the 20th June, but in the mean time there were other deposits made.

Q. What was the date of the next following settlement between your bank and the Brooklyn Trust Company?—A. The next balance in the book was on the 5th September, according to the ledger here.

Q. That was the first time the accounts were balanced after May 30?—A. There was a balance on 17th April preceding the 30th May, which we are now speaking of, and the next balance was on the 5th September.

Q. All the checks covering a period between the dates of those balances have been returned to the Brooklyn Trust Company?—A. They have.

By the CHAIRMAN:

Q. Was that particular check indorsed by the Brooklyn Trust Company?—A. I am sorry to say that I cannot inform you. I presume it was, though, from the fact that it came from them. If not requiring an indorsement, it may not have been. When a check is negotiable, that is all we look for. Of course we ascertain where it comes from.

By Mr. NIBLACK:

Q. If it was payable to bearer it would not have to be indorsed?—A. not necessarily; we have no entry of from whom we obtained it.

Q. Where is that check now? Where ought it to be in the regular course of business?—A. If the check which we are now speaking of was the check drawn on the American Exchange Bank, it would be charged to them, and they would deliver it to the drawer.

Q. Mr. Irwin?—A. Yes, sir; if it was drawn by him. I do not know anything about that.

Q. So that in the due course of business it should now be in the possession of Mr. Irwin?—A. Yes, sir.

By the CHAIRMAN:

Q. When was your attention first called to this matter?—A. Yesterday.

Q. From the time of the deposit till yesterday, nobody had made any inquiry about it; has anybody since you were here yesterday?—A. No, sir.

Q. Nobody has called your attention to it?—A. Not at all, sir.

Q. The interpretation of the whole thing is, that you received this check from the Brooklyn Trust Company?—A. Yes, sir.

Q. You have no personal knowledge of the individual from whom those checks came?—A. None whatever, sir.

Q. You have never at any time had any interview with, or knowledge of, the individual from whom this check came?—A. No, sir; none at all.

Q. If you stated to Mr. Clarke, the assistant cashier of the American Exchange Bank, that you knew very well the person from whom this check came, you referred to the Brooklyn Trust Company?—A. I did. I do not recollect, however, that I ever said anything to him about it.

Q. If you did, had you any reference to, or any knowledge of, the person from whom it came, beyond the Brooklyn Trust Company?—A. None whatever.

Q. At any time have you ever received any communication in respect to it which reaches beyond the Brooklyn Trust Company?—A. None whatever.

Q. Have you ever had occasion to inquire of them about it?—A. None.

Q. You received it on the second day after it bears date?—A. We received it on 30th May. I do not know the date of it.

Q. If it was deposited with them, what particular occasion was there for them to transmit it to your bank?—A. They were not a banking institution, and therefore they kept their accounts with us as a bank.

Q. If it was a business transaction with them, it would naturally find its banking resort at your bank?—A. It would.

Q. The first bank it would reach would be likely to be yours?—A. Yes, sir.

Q. You turned it over to the clearing-house, and it found its way back to the American Exchange Bank through you and the clearing-house?—A. Yes, sir.

Q. It passed through no other bank?—A. None.

Q. Have you any other knowledge in respect to it except what you have testified to?—A. None whatever.

Q. You have never had any communication with anybody respecting it beyond what you have testified here?—A. No, sir.

Q. You do not know who had the avails of it?—A. Not at all, sir.

Q. In the ordinary course of business would the books of the Brooklyn Trust Company disclose to whom the avails of it went?—A. I can tell you all about the Marine Bank books, but I cannot tell you about the Brooklyn Trust Company. I never have had occasion to examine their books, and do not know what their course of book-keeping was.

Q. You had occasion to keep an account with nobody else in respect to that check?—A. The Brooklyn Trust Company were dealers with us. In other words, they were on the same footing as merchants. They came to us with their deposits, and drew their checks, just as an individual would.

Q. And therefore you had no occasion to have any account with any person on your books except the Brooklyn Trust Company, in connection with this charge?—A. Not at all, sir.

Q. Whoever it might have come from originally, your account would be precisely the same?—A. Yes, sir.

By Mr. NIBLACK:

Q. Can't you, by a little examination, inform us in whose favor the money was checked out? You say that one sum of \$150,000, which was drawn out, was composed of three checks. Can you not, by referring to your journal, tell us in whose favor that money was drawn?—A. We keep no record of anything of that sort; nothing but the checks for the amounts. We never take any cognizance of an indorser. Our records give no details of how the money was checked out beyond the amounts.

By Mr. BECK:

Q. I want to know the amount and the date of the last deposit made by the Brooklyn Trust Company prior to that deposit of \$275,000?—A. The Brooklyn Trust Company deposited that \$275,000 on the 30th May. On the 29th, there is \$173; on the 25th, \$200; on the 18th, \$615; and on the 14th, \$2,467.

Q. What was the balance of their account at the time this \$275,000 check was deposited with you?—A. It was \$150,000 prior to that deposit.

Q. So that when this deposit was made they had \$275,000 and \$150,000, in round numbers, to their credit?—A. They had \$300,000 there on the 30th May—no, \$150,000 was drawn on the 30th May; on the 29th, previous to making that deposit, they had \$151,000.

Q. And when they made that deposit of \$275,000, that made \$426,000?—A. Yes, sir; but they immediately drew out \$150,000 on the 30th May.

Q. So that, on the 30th May, at the close of business, they had that \$275,000 alone to their credit?—A. Yes, sir; they had as much as that. They had about \$375,000 in the bank on the 30th May.

Q. I thought you said that, on the day before that deposit was made, they had \$151,000?—A. No, they deposited \$275,000 and drew out \$150,000.

Q. But they had \$151,000 before they made that deposit?—A. Yes, sir.

Q. If they had \$151,000 and drew out \$150,000 and deposited \$275,000, would not that leave just \$276,000?—A. Yes, sir; that is it.

Q. Now, I want to know how that \$276,000 was drawn out, dates and

amounts.—A. I can only give you the statement that there was \$150,000 paid on the same day that the deposit was made.

Q. But they had a balance of \$151,000 to meet that?—A. Yes.

Q. Now, tell us how the remainder was drawn out.—A. O, I cannot.

Q. Give us the next payments, then.—A. I can tell you the items debited to their account. On June 1 we debited them \$58,750; on June 3, \$20,049.32; on June 6, \$100,000; on June 7, \$52,000; on June 12, \$50,000; on June 18, \$100,000.

Q. In the mean time what deposits had they made? State dates and amounts.—A. On June 3 they deposited \$100,836.11; on same day they were credited \$1,000, a collection; on June 5 there was another credit of \$1,000; on June 8, a credit of \$149.51; on June 11, a credit of \$218.06; on June 12, a credit of \$50.44; on June 15, a credit of \$80,215.56; and again, on same day, a collection of \$450; on June 17, \$2,329.76; on June 21, \$100,000.

Q. That is as far back as I care to go. One hundred and fifty thousand dollars, I understand you to say, was paid out on the same day that they deposited the \$275,000?—A. Yes, sir.

Q. When did you receive that money, the \$275,000, from the American Exchange Bank—on the 30th or 31st?—A. We debited them on the 30th, and we got the money on the 31st, through the clearing-house.

Q. Had they a right to draw against it on the 30th?—A. They drew by presenting their checks for certification, and then we charged them; the checks did not go through the clearing-house until next day—we did not receive them until next day.

Q. That \$150,000, which was drawn on the 30th May, do you know whether it was drawn against the \$275,000 or against the former balance?—A. How could I know that?

Q. Don't ask me. I cannot answer how you know.—A. Well, I do not know.

Q. Mr. Clarke says, "The following day the check for \$275,000 ought to have come from the Marine Bank, but it did not. It lay over in somebody's hands. When it came in I went to the cashier of the Marine Bank and asked him to whom we had paid that check. He was unwilling to state; but he said that he could assure us that it was all right; that he knew the man, and that it was a straight transaction; and that was all we wanted to know." Do you remember any such transaction as that?—A. No, sir.

Q. Is that statement true?—A. I don't know that it is, and I don't know that it is not. I have no recollection of it whatever.

By the CHAIRMAN:

Q. Do you know Mr. Clarke?—A. I do not.

By Mr. BECK:

Q. Do you remember who brought you that check to the bank?—A. No; I do not.

Q. Do you remember your attention being called to it by any officer of the American Exchange Bank, at that time?—A. No, sir; I do not.

Q. Do you remember anything unusual which occurred in connection with it?—A. Not at all.

Q. Had you received any check of Mr. Irwin's before that?—A. I do not remember to have ever seen his name.

Q. You took it, therefore, altogether on the certification of the American Exchange Bank that it was good?—A. The Brooklyn Trust Company deposited it.

Q. Do you remember whether it was payable to order or to bearer?—
A. I do not remember; I never saw it.

Q. Do you know the indorsement upon it?—A. I have not the remotest idea. I never saw it.

DUMONT CLARKE recalled and further examined.

By the CHAIRMAN:

Question. Do you know Mr. Delamater?—Answer. Only by sight; I never had the pleasure of seeing him before the day I went to call on him about this check, and I have never seen him since until to-day.

Q. Please state again what was the conversation you had with him on that occasion.—A. Well, sir, two years and a half have elapsed since then, and of course I can only give the substance of the conversation. I went there at Mr. Coe's request, with a letter of introduction to Mr. Delamater. I waited there some time, and finally he came in and I put the question to him whether he knew who had deposited the \$275,000 check that had come in from their bank to us that morning; and I told him that it being a very large check, and having come in an unusual way, and being payable to bearer, we were anxious to know that it was all right, and that I had come for the purpose of asking him whether he could tell us who had deposited it. He said that he could tell me simply that it was all right, that it was deposited by parties (or "a party," I cannot say which) that were perfectly straight and correct.

By Mr. DAWES:

Q. Did he say whether he knew the party or not?—A. O, yes; I think he did. That was understood, of course; of course he must have known the party who deposited it; he knows all his depositors, of course.

Q. State all that you recall that Mr. Delamater said to you.—A. I have told you all I know, sir.

Q. Are you still doing business for the Brooklyn Trust Company?—
A. No, sir; not now.

Q. For its successors?—A. They are not doing business with us.

Q. Do you know who has charge of the books of the company?—A. No, sir.

Q. Have you had occasion, in your accounts with that company, to treat with any representative of the company since it failed?—A. We have had no dealings with them since their failure, directly, to my knowledge. I know the present officers personally.

Q. Will you give their names?—A. Mr. Ripley Ropes—Alderman Ropes, as he is known in Brooklyn—is the president, and the secretary is Mr. Bunker.

Q. Have the assets of the old company gone into the hands of the new company?—A. I cannot answer that question.

Q. Do you know where the books of the old company are?—A. No, sir; I do not.

Q. Have you settled with this present company any transactions that belonged to the old company?—A. No, sir.

Q. Were your accounts with the old company closed up before it failed?—A. No, sir; they were closed up at or about the time. They probably drew out all their balance, but that I cannot tell.

Q. With whom did you finally settle?—A. We must have settled with the then trustees.

Q. Do you know who were the then trustees?—A. I do not.

Q. Can you tell us where we can get access to the books of the company at that period?—A. I cannot.

By the CHAIRMAN:

Q. The entry of May 30 of \$150,000 on the debtor side is in red ink. Is there any significance in that?—A. It means that they were certified checks paid that day.

O. P. C. BILLINGS sworn and examined.

By the CHAIRMAN:

Question. Where do you reside?—Answer. I reside in the city of New York, and am a lawyer by profession.

Q. Have you been one of the officers or directors of the Pacific Mail Steamship Company?—A. I have been. I was elected a director of the company on November 16, 1871, and held office until May 29, 1872; that is, until the next election.

Q. Do you remember the passage of a bill in Congress giving an appropriation of \$500,000—the so-called subsidy?—A. I do.

Q. You were a director during that period?—A. I was.

Q. Do you know Mr. Irwin?—A. I believe I have seen him, but was never introduced to him.

Q. Do you know of his going to Washington, or being sent, to represent the company?—A. I do.

Q. Under what authority was he sent?—A. I don't know as I can state that. I simply know, as other people know, that he was down there.

Q. What was understood to be his business in connection with procuring the subsidy; what was he employed to do?—A. I can only state my supposition; I suppose he was sent to try and secure the passage of the bill.

Q. What do you know in respect to means being furnished to him to procure the passage?—A. I know nothing about it.

Q. Do you know of any other person employed by the company or its officers for the purpose?—A. I do not.

Q. Do you know of any money being paid, either directly or indirectly, to any member of Congress, or to any officer or employé of Congress, at that time in procuring the passage of the bill?—A. I do not.

By Mr. DAWES:

Q. Were you present when the resolution was adopted in the executive committee, and afterward ratified by the board of directors, authorizing Mr. Stockwell, in his discretion, to expend money in procuring counsel, and to incur other necessary expenses, to aid in the passage of the subsidy?—A. I was.

Q. State what took place at that meeting beyond the record, if anything.—A. It is such a long time ago that it is rather difficult to recall conversations had then; but, to the best of my recollection, the question was asked on the part of some member of the board, what was the intention in regard to the subsidy; and the reply was that it was expected to employ counsel, and possibly that it would require some money; that was the substance of the conversation; the impression on my mind was——

Q. I am not asking as to impressions upon individual minds, but as to what passed at the meeting of the executive committee.—A. I simply state that it is my recollection that Mr. Stockwell was asked with reference to the resolution and his action thereon, and that his reply was, in

substance, that it was necessary to expend some money in order to prepare the bill, and generally to secure its passage.

Q. State as fully as you can what was said.—A. I don't think, Mr. Dawes, I can state it more fully than I have; I do not recollect that any particular amount was stated to be expended.

Q. At a meeting of the directors subsequently, at which this was brought up, what happened?—A. A similar conversation took place at that meeting; Mr. Stockwell answered in the same general way; Mr. Stockwell's reply was that it was a mere matter of \$10,000 or the like.

Q. Was any other sum ever mentioned?—A. I think I can state of my personal knowledge that during the time I was a director no large sum, and no specific sum whatever, was ever set apart or appropriated to influence legislation.

Q. I am not inquiring as to the purpose; I am asking about amounts. I suppose the directors, the executive committee especially, had knowledge of what was being expended by the company from month to month for its various purposes?—A. I can only answer for myself, that I did not have knowledge.

Q. Answering for yourself, have you any knowledge of the way in which the company did its business that would throw any light upon the question that I have asked?—A. No more than attendance upon the meetings.

Q. Do you know of any man in the board of directors, except the president, who was aware from month to month of where the funds of the company were being expended?—A. No, sir.

Q. Do you know of any man in the board of directors who would know from month to month whether \$650,000 of the funds of the company had been diverted one way or another, if it appeared on the books?—A. No, sir.

Q. Do you think that if an entry of the diversion of \$650,000 of its funds had been made upon its books, it could have passed unnoticed from month to month by the executive committee of the board without inquiry?—A. It certainly could not if a careful examination of the books were made.

Q. From the manner in which the board intrusted its business to the transactions of its agents, the manner in which it was done, could such an entry have passed without the executive committee knowing it?—A. I think it might.

Q. What was their manner of doing business which allowed \$650,000 of its funds to be diverted without their knowledge, if entered on their books?—A. I believe the general management of the business was left to the president, vice-president, and secretary.

Q. Did the executive committee have occasion, in the ordinary course of business, to know how the funds were used?—A. Not unless they desired to examine the books for their own gratification.

Q. Did they have any such desire in connection with the subsidy?—A. I don't know that I can answer that question.

Q. In plain English, was it not a part of the policy of the board not to know what the president was doing in reference to the subsidy?—A. I think it was not.

Q. Was it a part of their policy to know?—A. I don't know exactly how to answer the question.

Q. I merely want the truth; that will be a sufficient answer; it was one way or the other; which was it?—A. I undoubtedly desired to know.

Q. You think, then, that it was a part of their policy to know?—A. Yes, sir; to know what was going on.

Q. It appeared on the books of the company that checks amounting to \$750,000 had been drawn on one day in favor of the agent at Washington, whose business it was to procure the passage of this subsidy; if it was the policy of the board to know what the president was doing, don't you think they would be likely to notice that on the books?—A. They might or might not. I can only speak for myself.

Q. If it was their policy to know, would they be likely to know that, when it was on their books?—A. It would, if they made an examination of the books.

Q. If it was their policy not to know what the president was doing in reference to the subsidy, would it be easy for them to escape knowledge of that entry on their books?—A. Undoubtedly.

Q. In point of fact, this entry on the books did escape knowledge?—A. I can only speak for myself.

Q. Did it escape you?—A. Yes, sir.

Q. So far as you know, no member of the executive committee knew of this entry?—A. None, to the best of my knowledge.

Q. So far as you know, no member of the executive committee knew that the funds of the company had been diverted to the amount of \$750,000 for this purpose?—A. None, to the best of my knowledge.

Q. Then, if it was the policy of the company not to know what was doing in reference to the subsidy, that would be natural, would it not?—A. Yes, sir; but it does not follow that they did not wish to know.

Q. If it was the policy of the company to know what the president was doing in reference to the subsidy, it would have been the easiest thing in the world to have seen it on their books, would it not?—A. It would, probably, by an examination. I desire to state in explanation, that it was just at the close of my term; this was a short term, and I went out of office at that time.

By Mr. NIBLACK:

Q. In justification or explanation of your apparent want of knowledge, may not the fact that you went out of office so soon after this have something to do with your not having had your attention called to it?—A. No, sir; I think not. We went out so soon after the passage of the subsidy because the time of the annual election was changed. Previous to that it had been held in the fall, but it was desired that the election thereafter should be held in the spring, as the Panama Company's election was held in the spring, and as the two companies were occupying the same office, and their interests were to a great extent the same. The time of the election was changed by an act of the legislature that same season.

By Mr. DAWES:

Q. In order to be entirely fair and to cover every possible contingency, let me ask you if you know of a single inquiry having been made by the executive committee or the board of direction, of Mr. Stockwell, as to how he was using the funds of the company under this resolution, for the purpose of procuring the passage of the subsidy?—A. No, sir; but, if I may be permitted to add, it was just within a week of the time that I went out of office.

Q. The thing was consummated entirely before you went out of office?—A. I think it was.

Q. It was going on during two or three months, was it not?—A. I think it was.

Q. The funds of the company were being used somehow—over a period covering more than three months—from January to June?—A. I believe so.

Q. The company had authorized Mr. Stockwell to expend money in February, had not they?—A. Yes, sir.

Q. And you went out of office in May, after the subsidy was, in point of fact, passed?—A. Yes, sir.

Q. Then, the occasion for expending any money in that behalf had already passed, and yet you are not able to call to mind a single inquiry propounded by the executive committee or the board of directors, to the president whom they had clothed with discretionary power in the expenditure of this money; you are not able to state that there was a single inquiry made of him as to the manner in which the money was expended, although you supposed that he was going to spend it in Washington?—A. I do not recall any such inquiry.

Q. And all the time, there stood on your books, charges of checks in a single day, to the amount of \$750,000, to be used for this purpose?—A. It seems so.

By Mr. KASSON:

Q. State again the date when you became a director of the company.—A. November 16, 1871.

Q. Did you come in with what was known as the Stockwell board?—A. Yes, sir.

Q. Did you understand that at that time Stockwell owned or controlled a majority of the stock?—A. I did not.

Q. From your knowledge of the transactions of the company, what do you believe to be the fact as to whether Stockwell did own or control a majority of the stock at that time?—A. I have no special belief, because I have no means of knowledge on that subject.

Q. Do you know what the price of the stock was when you came in as a member of the board?—A. I do not remember exactly.

Q. About how much was it?—A. It may have been 44.

Q. How far did it advance after that, while you were a member of the board; what was the highest point it reached under the Stockwell board?—A. I cannot give the exact figure, but it went above par.

Q. About what time did it reach its highest point after you became a member of the board and while you were in the board?—A. That I cannot say.

Q. But it was above par, you think?—A. I cannot say whether it reached its highest point while I was in the board, or afterward.

Q. I asked for the highest point it reached while you were in the board?—A. That I am unable to state; I do not remember.

Q. You do not wish to have it understood that you say that it reached par while you were a member of the board?—A. No, sir.

Q. What is the highest figure that you remember its reaching while Mr. Stockwell was president?—A. He may have been still president when it reached its highest point.

Q. But you were in until May?—A. Yes; six months.

Q. You do those six months; how high do you remember that stock to have advanced?—A. I am unable to state, because I cannot distinguish between the prices in the different months.

Q. Did you continue to have an interest in the stock after you withdrew from the board?—A. I do not think I did; I do not know; I may have had one hundred or two hundred shares.

Q. Don't you know, in point of fact, that for several weeks before the subsidy was granted the stock was declining, before you left the board?—A. I do not remember.

Q. Didn't you have any transactions in the stock which would enable you to remember about that period?—A. I had not, to any great extent. I was not sufficient of a capitalist to handle stocks largely.

Q. Did you ever, yourself, while you were a member of the board, make any examination into the books or accounts of the company?—A. No, sir; I think I can frankly say I never did.

Q. Did any associate member of the board to your knowledge examine the books or accounts of the company?—A. Not with me.

Q. Do you know of any one that did make that examination?—A. I am very sure there was an auditing committee that did examine the books and make their report.

Q. Did you ever see them do it?—A. No, sir.

Q. Do you remember the names of the auditing committee?—A. No, sir.

Q. Do you know personally of any one examining the books after the passage of the resolution which Mr. Dawes referred to?—A. I cannot say, sir; I can only speak for myself.

Q. Was it the habit of business of that company to leave payments and the drawing of all checks under the control of the president or the vice-president?—A. I believe it was, and it always has been, I think; of course there was a limit to the amount.

Q. Before you went out of the board, was there any call made upon the president to state what he had done under that resolution?—A. I don't recollect any.

Q. Was there any understanding between you and the president, or any director and the president, touching the operations of the stock-market pending this application for the subsidy?—A. No, sir.

Q. You know of nothing of that kind?—A. I do not.

By Mr. BECK:

Q. Here is the resolution of February 14, 1872: "*Resolved*, That the president in his discretion is hereby authorized to employ counsel, and incur such other necessary expenses as may be necessary in connection with the measures for the additional subsidy now pending before Congress." That is on February 14, and on the 21st February the proceedings of the executive committee on the 14th were unanimously approved, ratified, and adopted by the board; so that, whatever may have been the talk outside, that was in fact done?—A. Yes; the executive committee adopted the resolution of the 14th, and on the 21st it was ratified by the board.

Q. Whatever authority that conferred upon the president, it was the only action that you know of officially?—

Q. It is testified to here, and your books show, I think, that as early as January \$25,000 was placed in the hands of Irwin, \$40,000 in February, \$35,000 in April, \$20,000 the 5th of May, \$20,000 the 15th of May, and \$10,000 the 23d of May, making a total of \$150,000. Do you know what all those various sums of money were placed in his hands for, prior altogether to the \$750,000?—A. No, sir.

Q. Did none of you directors, from February to May, either look into the books or make any inquiry as to why all these large sums of money were put into Irwin's hands?—A. I am not aware that we did.

Q. Did any of the board know that they were put there?—A. I repeat again—I can only speak for myself—I did not.

Q. Your books as furnished to us show those facts, in substance, and none of you, you say, knew, so far as you are aware?—A. Not so far as I know.

Q. You neither looked at them yourself, nor heard any member of the board indicate that he had done so?—A. No, sir.

Q. Nor did you know of the \$750,000 subsequent to that?—A. I did not.

Q. Do you know that there were other sums even beyond all those that Stockwell had used outside of the legitimate business of the company?—A. No, sir.

Q. Does it not appear to you now like a deliberate shutting of the eyes to all these things? Could it have occurred with ordinary care?—A. That is a matter of opinion.

Q. What is your opinion? You were one of the directors, and you can tell whether, in your opinion, any man of ordinary prudence, either in the management of his own affairs or in the management of affairs for stockholders, could have shut his eyes and remained ignorant of these things, and have done his duty with even reasonable care for the interests intrusted to him?—A. I suppose I could answer to that, that it was undoubtedly the duty of the directors, as it is of the directors in any corporation, to look into the affairs of the company, and possibly, with a careful examination, these matters would have been traced out by the directors; but I simply repeat that it had grown into a custom in that company to leave the management of its affairs very much to its officers.

Q. Were not the board of directors officers?—A. I mean particularly of the president and vice-president, and then the auditing committee who examined the books and made a report.

Q. Who composed that auditing committee?—A. I am unable to tell.

Q. I see a gentleman named Frederick Billings referred to here. Who is he?—A. He is a brother of mine.

Q. Was he a member of that board?—A. No, sir; he became a director on the 29th of May; when I went out he went in.

Q. Has he continued a director since?—A. No, sir; he held the position before, a short time; I don't know that he ever attended a single meeting, and subsequently he resigned; I don't know just when he resigned.

Q. You speak of its being understood that Irwin was to use the money and to give entertainments; what do you mean by giving entertainments?—A. I suppose to give dinner-parties, if you please.

Q. Where?—A. In Washington.

Q. To whom?—A. I suppose to anybody who might have become interested in the passage of this bill.

Q. For the purpose of securing votes in favor of it?—A. I do not know; the moral view of it would be simply to explain matters.

Q. Did dinner-parties explain?—A. They are very apt to.

Q. You thought one of the ways to a man's heart was down his throat?—A. Well, it wouldn't do for me to state so, perhaps, if I really felt so.

Q. But you did expect entertainments to be given out of your money?—A. O! I cannot say that; I was asked the question what Mr. Stockwell said, and that was a part of his answer.

Q. And with that knowledge and information the board voted him unlimited discretion to use whatever money he pleased to procure the passage of the subsidy, the understanding being that entertainments were within his legitimate discretion; haven't you so stated?—A. I sim-

ply stated, when I was asked what was said when Mr. Stockwell was called upon for an explanation of the matter, he gave it in substance in that wise.

Q. And the board of directors approved that mode of proceeding?—

A. They certainly ratified the resolution.

Q. With the understanding, at least, that entertainments were to be part of the means used?—A. Well, perhaps they did not all expect that he would use it for entertainments. The point was that he should have discretionary power to expend the money.

Q. Explain to us what, in that company as organized, was supposed by the stockholders and others to be the duty of the board of directors, of whom you were one—what use were you?—A. I don't know that I was of any particular use; I can only speak for myself. I perhaps might add that if a searching investigation were to be made into a majority of the corporations of this country it would probably turn out that the boards of directors paid as little attention as the directors of our company did, and left the management principally to the president and secretary, or the president and cashier.

Q. So it was that neither yourself nor any other member of the board, so far as you were advised, inquired either as to the payment of the \$25,000 in January, \$40,000 in February, \$25,000 in April, nor the \$20,000 and \$10,000 more, making \$150,000, prior to the \$750,000, nor into the payment of the \$750,000 itself to Mr. Stockwell?—A. I did not.

Q. And your stockholders, who, I suppose, have some reason to rely upon the board of directors, were left entirely uninformed as to all these proceedings, so far as you or your board of directors were concerned? Don't you know that your president, Stockwell, was all that time gambling largely in stocks, growing out of the chances of getting this subsidy through?—A. No, sir.

Q. Don't you know that he was dealing with Harriot & Noyes, and others on the street; was not that notorious?—A. I knew that he was operating in stocks.

Q. But didn't you know that he was operating in your own stocks?—

A. Yes, I suppose I knew he was operating in Pacific Mail.

Q. Would not that have been an additional reason for a prudent board of directors to have looked into it?—A. Perhaps it would.

Q. And yet it did not have that effect in your case?—A. Well, I don't know that it would in New York.

By Mr. NIBLACK:

Q. I infer, from what you have stated in regard to this matter, and from what others have stated since the investigation began, that the directorship under Mr. Stockwell's administration was almost a nominal matter; that he, in point of fact, transacted nearly all the business of the company, or almost all that was done.—A. Following the custom of his predecessors in the same office.

Q. Was there anything peculiar in his administration in that respect?—A. No, sir; I think not.

Q. Has it been the custom ever since the company was organized to do that?—A. So far as I know, it has been done.

Q. Did I understand you that at any time Mr. Stockwell denied that any money had been used improperly?—A. No, sir; I do not think I made any such statement.

Q. You don't recollect that he denied that?—A. No, sir.

Q. Then you don't recollect that the inquiry was ever made of him?—
A. No, sir.

Q. In point of fact those three-quarters of a million which stood on the books, and which were diverted to the use of their agent in Washington, was charged round to different persons. When did you first know that fact?—A. After I ceased to be a director in the company; as a matter of hearsay.

Q. You did not know while you were a director?—A. No, sir.

Q. The accounts of the San Francisco agents, according to ordinary custom, were to be rendered once in three months?—A. Yes, sir.

Q. They were to pass a board auditing once in three months?—A. They should.

Q. And if there was any item in them not satisfactory it was to be reported back, was it not?—A. Yes, sir.

Q. Who were the auditing board to whom the accounts of this San Francisco agency were to be submitted once in three months?—A. I am unable to state who was on the auditing committee.

Q. Cannot you give us one of them?—A. No, sir, I cannot do it.

Q. Were you selected for any special duty that you were to perform in the board of direction?—A. No, sir.

Q. From your general interest in the welfare of the company?—A. I suppose so.

Q. Were you largely interested personally in this stock?—A. No, sir.

Q. How much did you have while you were a director?—A. Well, at different times I may have had a thousand shares—500 or 1,000.

Q. Is there a single thing about the proceedings of the company in reference to this subsidy that you had knowledge of while it was going on?—A. I knew there was a company there, and I knew we had meetings, and I knew the proceedings of the meetings.

Q. Did you know, in point of fact, that the company had applied to Congress for a subsidy of half a million a year annually for ten years?—A. Yes, sir, I did.

Q. Did you know how they were getting on?—A. Yes, sir. I used to hear, in an off-hand way, that there was a prospect that it would go through, and then that there was a possibility that it would not go through—just the common talk on the street.

Q. You did not hear that from any agent having it in charge?—A. No, sir.

Q. You never heard it from him?—A. I do not think I ever did.

Q. You never heard it from any of the other officers?—A. Very likely I may have had conversations with the president and other officers.

Q. All the knowledge you had of the prospect of getting that five millions you obtained from the public prints?—A. I have no doubt that I made inquiries at the office of the company.

Q. What were your inquiries?—A. I have no doubt that I asked what the news was.

Q. What information did you obtain?—A. Nothing but a general reply that probably the bill would pass, or that it was in doubt.

Q. At any time while you were a member of the board did you have occasion to know personally where any of the funds of the company had gone?—A. I think I did, several times, of loans of the company or things of that kind.

Q. How did you get that information; by an examination of the books?—A. No, perhaps not; by interviews with the officers, and with the other directors.

Q. What officers did you have interviews with?—A. At different

times with the president and the vice-president, and with the agents and the secretary.

Q. Those were the gentlemen who drew the checks, were they not?—A. Yes, sir.

Q. Did it ever occur to you to inquire how much it was costing to get this subsidy?—A. No, sir; or if I did, I did not get the information.

Q. Do you recollect inquiring and failing to get the information?—A. No, sir; I do not remember how it was now.

By Mr. BURCHARD:

Q. If those expenditures were entered to the account of his unknown brokers would you have known the purpose for which the money was being used?—A. No, sir. I probably ought to have known it as a director; but with the management of the company in the hands of the president and of the other officers, and with the auditing committee to examine the bills, I did not.

Q. An entry appears in the journal on the 13th of February, to "A. B. Stockwell, president, loan, special, \$40,000." Would not that have given you some clew as to how the money was being used?—A. Probably it would, if I had examined the books; but when we had our meetings the president would make a report, or statement, of what was being done, and any resolutions were adopted that were called for under the circumstances.

Q. What clew would that entry have given you?—A. I do not know as it would have given me any clew; but it would have been some ground for investigation, probably, to know what it meant.

Q. The \$40,000, and \$35,000, and \$20,000, and \$5,000 charged to the account of Harriot and Noyes, loan account: would that have awakened any suspicion?—A. Not necessarily. The company had been in the habit of lending money to bankers and brokers on the street.

Q. If these entries were made to Harriot and Noyes among other transactions, amounting in the aggregate to millions of dollars, would you have been able to have ascertained that this money was being disbursed at Washington?—A. No, sir; I would not.

By Mr. DAWES:

Q. Had you any relation to the company except that of director?—A. During that period, I think not. But subsequently thereto, as a member of the firm of Morris & Billings, I have been one of the counsel for the company, and have done attorney work for them.

Q. Your firm stood in the relation of attorneys?—A. Yes, sir.

Q. When did that relation commence?—A. If my memory serves me right, it was not until that summer that we might be said to be regularly employed. There was no regular agreement.

Q. You drew the company's mortgage, I suppose?—A. Yes, sir.

Q. You knew then, I suppose, of its financial condition as much as was necessary for its attorneys to know, in order to mortgage its entire property?—A. I expect we did.

Q. A pretty serious mortgage, was it not?—A. I think it was.

Q. You stood then in the relation of attorney to the company?—A. Yes; but I was no longer a director.

THOMAS B. MUSGRAVE sworn and examined.

By the CHAIRMAN:

Question. What is your occupation?—Answer. Banker and broker—a member of the firm of Musgrave & Co.; my business was the same in 1872.

By Mr. KASSON :

Q. Do you know Richard B. Irwin?—A. I do.

Q. Did he have any business with your firm during 1872?—A. He did; he bought some stocks—changed some of his investments—some stocks that he had—sold some, and bought in their place.

Q. Was it a general account of deposits and disbursements by checks?—A. Hadn't I better give you the account?

Q. I want, first, the general character of the business; was it a business of deposits and disbursements by checks?—A. Yes, sir.

Q. Also buying and selling through you of stocks on margin or otherwise?—A. I can hardly say that—no, it was not what you might call a general buying and selling of stocks.

Q. Was it more a personal account of deposits and disbursements?—A. Yes.

Q. Have you a copy of his account with your firm covering the months of May and June, 1872?—A. I have.

Q. Please exhibit it to the committee. [The witness exhibits the account.]

Q. State whether there was any deposit made with you by Mr. Irwin in the month of May, 1872.—A. There seems to have been a deposit of \$9,000 on May 25, 1872.

Q. Give the various cash deposits made with you by him on or after May 24, 1872.—A. On May 25 there was one of \$9,000; July 10, \$13,000; and July 22, \$5,800. That is all that I see here.

Q. Those are all the deposits that were made with you by him on or after May 24?—A. Yes, sir.

Q. Can you state what cash deposits were made with you, prior to the dates you have now given, after the 14th of February, 1872?—A. This is the only account he ever had with us.

Q. When did that "only account" that he ever had with you commence?—A. It began in April.

Q. And you have now stated the only cash deposits made with you in that account, whether made in money or by check?—A. Everything.

Q. The other items in the account represent stocks left with you, do they?—A. He bought in some stocks in April; I see here that he paid cash to the American Exchange Bank, \$6,000.

Q. That is, he drew on you for that amount, payable to the American Exchange Bank?—A. Yes, sir; a draft.

Q. Did you see him personally during the spring and summer up to June 1, 1872?—A. I saw him quite often.

Q. Did you know the business in which he was engaged during that spring and summer up to June?—A. I knew that he was getting a subsidy at Washington.

Q. Did he tell you how he was doing it?—A. No.

Q. He gave you no information as to the manner in which he expected to obtain the subsidy, or the means he expected to use to obtain it?—A. I cannot say that he did. I had a general idea, though, that he was going to get it by the use of money.

Q. Did you derive that idea from what he told you, or was it a general impression simply?—A. It was a general impression that I had; I cannot say that I derived it from what he told me.

Q. Did you ever learn from him anything as to the amount of money that he had disbursed or expected to disburse for that purpose?—A. No, sir; I do not think he ever told me any amount whatever. I am almost positive of it.

Q. So far as you know, the transcript of his account which you have presented here contains no items that had any relation to those disbursements at Washington?—A. None that I know of.

[For transcript of account see appendix, Exhibit C.]

Adjourned.

NEW YORK, *December 30, 1874.*

The subcommittee met this morning at the Fifth Avenue Hotel, pursuant to adjournment. Present: Mr. Burchard, the chairman, Mr. Kasson, Mr. Beck, and Mr. Niblack.

Mr. BECK. In several of the papers I find this report of a portion of our proceedings here yesterday in the examination of Mr. Scott:

“By Mr. DAWES:

“Q. Do you know of any false entries to other parties in the Pacific Mail books? Witness gave Mr. Dawes a sly side-wink and whispered something in his ear in an undertone. The answer was not insisted on.”

If Mr. Scott can be found this morning I would like to examine him as to what he did say to Mr. Dawes, and I wish also to examine the gentleman who wrote this paragraph to see what was the intention of it and the foundation for it. Mr. Dawes is absent this morning, and I think it is due to him and to the country that we should know just what this statement means. If this committee, or any member of it, is mixed up with any rascality, I want to get at the foundation of it. It is reported here, and perhaps the gentleman who wrote it had some reason for making the statement. I do not know him, but whoever he is I think we ought to swear him this morning and hear what he has to say. I think that is due to Mr. Dawes. Mr. Dawes may have had some hidden purpose in doing this, if he did it, and as the statement has gone to the country I think we ought to get at the foundation of it.

Mr. KASSON. I do not give the statement that strong interpretation, but the occurrence it describes was utterly invisible to me.

Mr. BECK. The implication in the statement, of course, is that Mr. Dawes was endeavoring to hide something; that is the way the world will understand it.

Mr. KASSON. I think Mr. Dawes was on one side of the table and Mr. Scott on the other.

Mr. BECK. No; they were together. The fact is, Mr. Scott merely remarked to Mr. Dawes, “Don’t ask me about other people’s business,” or words to that effect. Will the gentleman who wrote this paragraph tell us who he is?

Mr. Henderson B. Owens, a reporter for several evening papers, avowed that he was the author of the paragraph. He was sworn by the chairman and examined as follows by Mr. Beck:

Q. Are you the gentleman who wrote the paragraph which appears in the evening papers of yesterday? I hold in my hand the New York Evening Express, in which I find it, and I believe that it appeared also in the Post and other papers.

The WITNESS. Will you allow me to see it?

Mr. BECK. Certainly; here it is. Read it aloud.

The witness read the paragraph.

Q. What did you mean by publishing that statement?—A. Why, it is just what I saw occur here.

Q. You saw Mr. Scott give Mr. Dawes “a sly side wink.” Did you mean to intimate to the world that Mr. Dawes was seeking to conceal some evidence which that “wink” indicated to him ought not to be made public?—A. No, sir; I did not.

Q. What did you mean, then, by that form of expression?—A. I did not mean anything more than that I saw the witness give Mr. Dawes a wink and whisper something to him, and there was no answer returned to the question.

Q. Didn't you hear the witness say to Mr. Dawes, "I don't want to interfere with other people's business," or "Don't ask me about other people's business," or words to that effect?—A. I did not, sir.

Q. But you did not intend, you say, to convey the idea that the chairman of the Committee of Ways and Means was endeavoring to conceal anything wrong?—A. No, sir; I did not.

Q. Don't you understand that the form of expression you used there was well calculated to make the country believe that he was doing so?—

A. Well, I don't know; I suppose some parties might infer so.

Q. Did not you in writing the statement intend that they should so infer?—A. No, sir; I did not.

Q. Your intention was to give a truthful statement of what occurred here, without intimating that there was any attempt to suppress anything?—A. Yes, sir.

Q. And this is the language that you chose to do it in. Did you make the report of the testimony of Wm. Gage, the book-keeper of this hotel, which appears in the Tribune this morning?—A. No, sir.

Q. Who made it?—A. I suppose the reporter of the Tribune.

Q. But it appears, I believe, in several other papers, as well as in the Tribune?—A. I don't know anything at all about it.

Q. Is the reporter of the Tribune present?—A. I suppose so.

Q. Do you know him?—A. I do.

Q. Please state his name, so that we may call him.—A. I guess he will speak for himself.

Q. Please name the man if you know him.—A. Mr. Taber.

EDMUND B. TABER, a reporter for the New York Tribune, sworn and examined.

By Mr. BECK:

Question. Did you make this report of the testimony of Mr. Gage, the book-keeper of this hotel, which appears in the Tribune this morning?—

Answer. Yes, sir.

Q. Let me read to you the part of it that I have marked:

"By Mr. BECK:

"Q. State whether W. S. King was a guest of this house at this time?—A. He arrived at dinner-time on May 29, 1872.

"Q. Do your books indicate the time of his departure?—A. Well, his ledger-account does; this book does not.

"Q. Do you recollect when he left?—A. He left on May 31.

"Q. Is his name registered in his own handwriting?

"Mr. KASSON to Mr. BECK. Is your name near it?

"Mr. BECK. Yes; that is why I looked at it.

"The members had gathered around the register and found Mr. Beck's name just above Mr. King's. That fact and Mr. Kasson's remark called forth considerable laughter at Mr. Beck's expense.

"Mr. KASSON. Is his name registered in his own handwriting?—A. Yes, sir."

I want to know the foundation of that report?—A. That is what I saw and heard yesterday.

Q. You say that the hotel-register was examined and Mr. Beck's name found in it. I have before me the register of May 29, 1872, con-

taining Mr. King's name. Now, look and see if Mr. Beck's name is there, "just above Mr. King's," or at all. Look all over the register and see if Mr. Beck's name is there at all during that year. There is Mr. King's name; is Mr. Beck's name near it?—A. [After inspecting the register.] I don't see it.

Q. Look carefully, and see whether you are not able to say that it is not there. Look over the register for a week before and after that time, if you please, and as long as you please.—A. [Having again inspected the register.] I do not see it.

Q. Then what was the foundation for your statement that "the members gathered around the register and found Mr. Beck's name just above Mr. King's?"—A. It was what I understood here from what was said and what was told me.

Q. Is that statement true or false?—A. It appears to be false.

Q. You drew upon your imagination for your facts?—A. No, sir.

Q. From what source did you get them, then?—A. I made that statement because I understood from the conversation here, which I did not hear very distinctly, that the name was on the register, and also because I was told so by another gentleman, who was nearer to the committee than I was.

Q. Don't you know that Mr. Kasson never asked me any such question as "Is your name near it?"—A. No, sir; I do not know that he did not; I understood that he did.

Q. And don't you know that I never made the answer that you have put down here: "Yes; that is why I looked at it." Where did you get the information you have printed there?—A. I thought I heard it here in the conversation, and so I put it down.

Q. You thought you heard me say that?—A. I saw three or four of you gentlemen standing over there and conversing; I could not hear very distinctly what was said, but I thought I heard that.

Mr. KASSON. I wish to say at this point that that is an entire misstatement of all that occurred here, so far as my name is connected with it.

Mr. BECK. And I want it to appear to the country that it is an entire misstatement of what did occur here.

The WITNESS. Mr. Beck, I assure you that it is not a willful misstatement. I certainly should not have reported it if I had not thought it was correct.

Mr. BECK. You see that you have done the committee great injustice; that your statement of what occurred here is not true.

The WITNESS. I see that I have made a false statement, owing to a misapprehension of what took place.

Mr. BECK. I want the country to understand, and your employers to understand, that when you gentlemen are here by the courtesy of this committee, while we want every fact to go upon the record, we do not intend that such misrepresentations as these shall go uncontradicted.

Mr. KASSON. I cannot imagine what pretext could have been found for such a statement. Nothing at all like what is reported there passed between you and me—not a word of it.

Mr. BECK. There was no possible foundation, no excuse for it, that I can see. I don't want to make any personal complaints, but when gentlemen are invited here by the courtesy of the committee I do not intend that they shall be allowed to misrepresent the committee.

ANDREW DEVINE sworn and examined.

By Mr. BECK:

Question. You are one of the House stenographers for committees, and the official stenographer of this committee?—Answer. Yes.

Q. Did any such thing take place here as is represented in these papers in the reports about which these gentlemen have been examined —A. No, sir.

Q. Does any such thing appear in your notes?—A. No, sir.

Q. You heard what did occur?—A. I did.

Q. And no such thing occurred?—A. Not at all.

Mr. TABER. I wish to assure you again, Mr. Beck, that there was no intentional misstatement on my part. I did not intend to misrepresent you in any way.

Mr. BECK. You can see very readily, sir, how the public would be misled by your statement, made without any foundation in fact, or any excuse, so far as I can see. Nothing whatever took place here that would, by any possibility, indicate or suggest that my name was on that register near Mr. King's, or that I was here in connection with him, or here at all at or about the time when he was here. I can see no other object in making such a statement but to misrepresent; and that is why I desired to have a full explanation here.

Mr. TABER. You were not thought of by me at all in any such connection.

JOHN ROUNDY sworn and examined.

By Mr. KASSON:

Question. State what was your business during 1872.—Answer. I was the accountant of the Pacific Mail Steamship Company; that was my title.

Q. At what place was your business carried on?—A. At the office of the company, 59 Wall street.

Q. At that time who were the president, the vice-president, and the secretary of the company?—A. Mr. A. B. Stockwell, I think, was the president; F. W. G. Bellows, the vice-president; and Theodore T. Johnson, the secretary.

Q. What was your special duty as accountant?—A. I had the general charge of the accounts of the company; that is, the monthly reports of all the agents which came into the office came to me.

Q. Reports from the San Francisco office, as well as disbursements here?—A. Yes, sir. The disbursements here were transferred into the cash-book from the check-book at various times during the month, as time allowed. Sometimes they would all be made out in the last part of the month, or after the month had closed, and in other cases at various times during the month.

Q. What particular books were under your immediate control, in which you made entries yourself?—A. The cash-book, journal, ledger, and sundry other small books.

Q. The check-book was not under your control?—A. Not at all, sir.

Q. Did you know Mr. R. B. Irwin at that time?—A. I did.

Q. Did you know about what business he was employed in the spring of 1872?—A. He was the agent of the company at San Francisco at that time.

Q. Had he any other agency, or was he acting in any other capacity anywhere else for the company during that period?—A. None that was officially known to me. His title was "Agent at San Francisco," and he was managing the company's business there.

Q. When you are under oath and answering questions, we do not ask for your official knowledge, but for your personal knowledge. Do you know that he was employed in any other capacity at that time?—A. He was employed on business of the company at Washington. I had no

personal knowledge of it, however. My business was simply to keep a record of the transactions of the company after they occurred.

Q. I suppose you might, perhaps, have been able to know something outside of your official business. Whatever source your knowledge is derived from, did you know that he was employed as an agent of the company at Washington in connection with the subsidy?—A. Well, sir, I knew it, as I presume everybody in the office knew it. It was a common belief—a common understanding.

Q. Look at the cash-book, under date of May 24, 1872, and observe an entry there of six items, amounting in the total to \$750,000, without any name being mentioned to indicate the account for which the checks were issued, and state in whose handwriting those entries are.—A. They are in my handwriting.

Q. State, if you know, why no name is mentioned indicating the account to which those items, amounting to \$750,000, were to be charged.—A. I would say, sir, that the entry was made necessarily in copying from the stubs of the check-book. These stubs are marked simply "A. B. S.," so far as my memory goes; merely the initials, and of course I had no account with that title. Those entries were made there with the intention of afterward filling the name in. I can only account for the fact that it is not filled in, upon the ground that when it was put into the journal it was omitted.

Q. See if there is any other entry from which all is omitted except the figures.—A. I do not think there is.

Q. You think there is not?—A. I do not think there is any; in fact, I will say that I was not aware that that account was left in that way. It was the intention, of course, to fill it up.

Q. The explanation you give is that when you posted from the stub of the check-book to the cash-book, there was no mention of the name or the account to which they were to be charged in the stub?—A. Yes, sir.

Q. And you did not afterward refer to the stub to see if any change had been made in the stub in that respect?—A. I do not think I did, sir.

Q. Look at the stub-entries under the same date, and state whether you recognize the entries from which those items were posted.—A. [Referring to the stub of the check-book.] My impression is that that has been filled in since.

Q. And those are the stubs from which the entries in the cash-book were made?—A. Yes, sir; I think there is no question about that.

Q. And you think the names inserted on those stubs were inserted subsequently?—A. Yes, sir.

Q. Are those the corresponding sums from which the entries in the cash-book were made?—A. I should say they were, sir.

Q. In whose handwriting are the entries on the stubs?—A. The writing of Mr. Theodore T. Johnson, the secretary of the company.

Q. Read what the entries are.—A. "A. B. Stockwell, president, charge Eldredge and Irwin, agents." I am quite sure that when these entries first came to me, they were simply "A. B. S." I would not say whether in writing or in pencil.

Q. About how long after the date there did you make the entry upon the cash-book from those stubs?—A. That I cannot say. This cash-book was written up at the times when the check-book was not in use, and when I was not doing anything else.

Q. What was your custom?—A. My custom was to write it up, I should say, perhaps, during the latter part of the month, or perhaps not until after the beginning of the next month.

Q. Look at the entries more particularly, and state whether the entry 'Charge Eldredge & Irwin, agents,' does not appear to have been made at a different time from the entry of the name "A. B. Stockwell," and with a different pen and ink; and also whether the word "president" does not appear in some cases to have been written at a different time from "A. B. Stockwell."—A. Well, sir, I should not like to say that that is so; but it certainly appears so—this first one looks like it.

By Mr. BECK:

Q. Is it not true that the ink in which "A. B. Stockwell" is written, and the ink in which "president," "charge Eldredge and Irwin, agents," is written are decidedly different?—A. It certainly has that appearance.

Q. Is it not evident that the word "president" was not written originally as part of the entry "A. B. Stockwell," in check No. 2362?—A. It looks like it, sir; and yet my evidence on that point of course is not worth much.

Q. Look at the journal under date of May, 1872, and state in whose handwriting the entries on page 192 are.—A. That is the writing of Mr. Walker, who was, at that time, my assistant.

Q. They are all in his handwriting?—A. Yes, sir.

Q. Look again at the journal under date of May 24, and state whether you recognize some entries referred to on the cash-book.—A. I see entries amounting to \$650,000; those are undoubtedly the same.

Q. State whether against one of those entries there does not appear an erasure and the substitution of a name or names.—A. Yes, sir; there is an erasure there. I remember it. I would not say positively, but my impression is that the whole of those entries were originally written in there "A. B. Stockwell."

Q. The whole of them you think were originally written in "A. B. Stockwell?"—A. Yes, sir; and subsequently they were changed by direction of the vice-president. Mr. Stockwell objected to having his name appear there in the books, and by his orders that correction was made. I judge that more particularly from the ruling here, which indicates that it was written in in the first place, the whole of it charged to one item, and it was ruled off and changed. Whether that "7" was erased I cannot say. "Eldredge and Irwin," of course, is over an erasure, which was originally "A. B. Stockwell."

Q. But the "650" is also over an erasure?—A. Yes, sir. I cannot state positively the course of those erasures, with this exception, that I think that was charged originally to Mr. Stockwell.

Q. What I want to get at is the original entry, and if you are not satisfied that that was originally "A. B. Stockwell" look through it at the light and you will see traces of the letters. I want you to be clear about that.—A. [Having looked through the paper.] Yes, sir; that looks like it. The "S" is further off than it would be in simply writing "A. B. Stockwell."

Q. Whose name is entered against the item, \$650,000?—A. Harriot & Noyes.

Q. Does not it appear that that was written at a different time and subsequent to the original entry?—A. I think so. I am quite sure upon that point.

Q. Up to what time did you continue in the service of the company?—A. November 30, 1873.

Q. Under whose immediate direction were checks issued?—A. Under the immediate direction of the vice-president; but the supreme direction, of course, was with the president of the company.

Q. Was it necessary, under the by-laws and rules of the company,

that the sanction of the board of directors or of the executive committee should be given to the issuance of a check where it was virtually a loan to some other corporation or on exchange of checks? In other words, had the president the right to issue checks without the sanction of the executive committee or the board?—A. That was the custom, so far as my knowledge goes.

Q. Mr. Johnson, the secretary of the company, made the entries on the ledger, you say?—A. No, sir; only upon the check-book; he was treasurer *pro tempore* at the same time that I was secretary *pro tempore*. When the treasurer was absent he attended to the duties of his desk, that is, drew checks; and it so happens that this stub-book bears the writing of Mr. Johnson; and by inference, it would seem that the actual treasurer was absent at that time.

Q. At the time that you transferred the sums of these six checks amounting to \$750,000 to the cash-book, did you take them from the stub-check-book?—A. Yes, sir; those are my check marks.

Q. At the time that you made the transfer to the cash-book, the filling-up that now appears upon the stub-book had not been done?—A. To the best of my knowledge and belief it had not.

Q. If it had been, would not you, in making the transfer to your cash-book, have made the entries as they now appear on the stub-book?—A. I should have charged it simply to Eldredge and Irwin immediately.

Q. Would it not have been your duty to have made the charge to them, instead of leaving it blank, as you did on the cash-book?—A. Yes, sir; it would.

Q. Therefore, the fact that you have left it entirely blank is conclusive, is it not, that this entry now appearing on the stub-book, was not there at the time the transfer was made?—A. Yes, sir; there is no other explanation.

Q. When this was filled up you did not know?—A. No, sir.

Q. But it was filled up with these entries of yours?—A. Yes, sir; that would be the only explanation of the fact that there is no name in the cash-book.

Q. You will observe on the stub now shown you that the numbers of the checks are printed.—A. Yes, sir.

Q. Examine the checks with corresponding numbers which were in fact delivered to Mr. Irwin, and see if in point of fact the numbers there are not written in red ink.—A. Yes, sir.

Q. The number on the stub is printed; was not the check with the corresponding numbers also printed?—A. Yes, sir.

Q. Is it not therefore evident that these are not the checks corresponding with these stubs?—A. Yes sir; that is very evident.

Q. Can you tell why that is so?—A. I never saw these checks before after they were filled in, and have no knowledge of them in any way or fashion.

Q. Was it not very unusual to take off the checks with the printed numbers corresponding with the stubs, and issue others with written numbers?—A. It was done only in cases of mistakes. There were blank checks like those in the office, which were to be filled up in case of a mistake. Sometimes a check would be drawn to the wrong order or for the wrong amount, and it would be taken out and destroyed, or at least before being presented for signature by the vice-president it would be submitted to him to show him that it was wrong, and he would order another to be drawn, and would sign that, and the first one would be destroyed or defaced.

Q. Therefore checks of the character of these that were delivered to

Irwin were used in the legitimate business of the company only when mistakes had occurred?—A. Yes, sir.

Q. For what reason such checks were used in this case you do not know, but the fact is that they were used?—A. Yes, sir, that is the fact. These checks were taken from the blank checks that were kept on hand for such occasions as I have described.

Q. Does it not, therefore, appear to you in looking over the stub-book and cash-book and the erasures in the ledger, that the entries made relative to this \$750,000 transaction were, in fact, false entries?—A. Well, yes; false in fact. So far as the actual fact of book-keeping is concerned, the making of the entry, it was charged to an account where it did not belong.

Q. What security can stockholders and persons interested in the affairs of the company have, when plans of this sort are done in the books?—A. A thing of that kind may be done very readily without at all injuring or deranging the accuracy of the books; as, for instance, we may open a certain account and charge it up to a certain person, but then we may give it another title which may mean the same thing; but, of course, the only protection for stockholders in any case is that their managers shall be honest men.

Q. And that the books of the company shall show the truth?—A. These books do show the truth.

Q. Is it true that Harriot & Noyes were chargeable with that \$650,000?—A. They were charged with \$650,000, to be sure; but then it was simply as a convenience for the time.

Q. Would not any stockholder have believed that Harriot & Noyes in fact owed the company \$650,000?—A. Yes, sir.

Q. Now, if that was not true, and that money was in fact given to Irwin to spend in obtaining a subsidy for the company, would not the stockholder be deceived to that extent as to the value of the property of the company?—A. Yes, sir; except that he would have the same sort of information that I had. I had no real knowledge of the fact that Mr. Irwin ever had any of the money; it was charged to Mr. Stockwell.

Q. But assume the fact to be that the money was given to Irwin, as the checks now shown to you indicate, then, when it was made to appear on the books that that was a loan to Harriot & Noyes of \$650,000, was not that entry a fraud upon the stockholders who might look at the books to get at the true condition of the company's affairs?—A. Yes, sir; there is no question about that.

Q. That is why I ask, whether, when these things are permitted, there is any safety for any stockholder, no matter how vigilant he may be in endeavoring to ascertain the real condition of the company's affairs.—A. I do not suppose there is ever any safety for a stockholder in any case unless he is as well acquainted with the affairs of the company as those who manage it. For instance, we charge Eldredge and Irwin with a certain item; who among the stockholders knew what the ordinary balance in the hands of Eldredge and Irwin was? Nobody. They never saw the books.

Q. But they could see the books?—A. Yes, sir; they could.

Q. We are called upon as the representatives of a great many poor tax-payers to furnish very large sums (which of course we must raise by taxation) to run this company; we did give you half a million a year, which is more than is required to carry on the State government of Kentucky; it is a small sum to New York men, but it is pretty large to us, and we want to know whether there is any security for the money

that we give you—whether we can find out the truth about it by looking at your books.—A. Well, you certainly may be misled by them, if you trust to the entries.

Q. That is what I suppose, and we do not desire to be misled.—A. I take it that a set of books will partake very largely of the character of the men who manage the business.

Mr. BECK. I think that is very evident.

By Mr. KASSON:

Q. If a book-keeper knows that his superior officer is bidding him make false entries, is it regarded as the duty of the book-keeper to obey such orders, knowing the entries to be false?—A. Well, sir, that is a question. If he does not obey, you know what the result will be.

Q. That may be, but—

The WITNESS. For instance, if he goes to make a complaint about it, to whom shall he go?

Mr. KASSON. The board of directors, I suppose.

The WITNESS. For example, I knew that the executive committee had had certain expenditures in Washington; it was a matter of notoriety; everybody in the office knew it, or, at least, I suppose they did, and I among others knew it. The amount of these checks, of course, struck me as very large. I went—I am very confident that I went—to Mr. Bellows, the vice-president, to inquire how they were to be disposed of, and it was after consultation with him that they were finally decided to be charged to Eldridge and Irwin, that being the place where the sum would be least likely to attract attention, although I warned him at the time that some disposition of that amount must be made before they could make any public statement, as it was sure to attract attention; and Mr. Bellows, to the best of my recollection, stated to me that it was Mr. Stockwell's intention to pay back that money.

By Mr. KASSON:

Q. That statement would reconcile itself with the original entry to the initials "A. B. S."?—A. Yes, sir.

Q. And with the subsequent change of the entry to the name of this agency?—A. Yes, sir.

Q. Under the theory that Mr. Stockwell intended to treat it as a personal matter, and in some way to make it good?—A. Yes, sir; on this point I am speaking, perhaps, more from my ordinary method of doing business than from actual remembrance of the facts as they occurred.

Q. But what you say as to the statement of Mr. Bellows you say from memory?—A. Yes, sir; that is from memory, I should say, from the way these entries were made. I know that at the time I had the idea that the money should be charged to the person who received it, and my impression is that it was left blank in the cash book. I will confess it is a surprise to me to find it so, for I had supposed that I had filled it up afterward. My impression is that it was left blank to be filled up afterward, and that I thought it should be charged to Mr. Stockwell, as the stubs at that time showed; that was the only indication there was.

Q. I cannot help expressing, in the form of questions, my surprise at the freedom with which false entries seem to have been made in these books. I would like you to state whether, so far as you know, the moral sentiment of New York, in business concerns, requires book-keepers to make false entries under the instruction of the officers, or of one officer, of a company. Do you understand that to be the rule; that book-keepers must obey such instructions, even to the extent of falsify

ing their books?—A. Yes, sir; I should say, so far as my knowledge goes, that it is.

Q. That they hold themselves to be mechanics merely, and not responsible at all for the accuracy of their books?—A. They hold themselves responsible for the accuracy of their balances. They cannot be held responsible for what other persons do with the money.

Q. Look at the ledger, page 81, under the head of "loan account," and see if you recognize the entry touching this \$650,000.—A. It is put in there as a loan.

Q. Charged to whom?—A. To Harriot & Noyes.

Q. You observe that, while entered on the journal under date of May 24, it is entered in the ledger under date of May 31?—A. That would be a mere clerical error or carelessness. I should not attach any importance to that.

Q. Let us see if it was a clerical error. Does it not appear that there has been an erasure, and the figures "31" written over the erasure?—A. Yes, sir; but, at the same time, I know who did it, and I should not attach any importance to that.

Q. How do you explain the discrepancy in the date, and the further fact that, instead of being an accident, the right entry as to the date was originally made and then erased and the figure 3 inserted?—A. For the reason that I can see no possible difference that it makes, so far as the date is concerned.

Q. But it does make a difference in the accuracy of the book-keeping.—A. O, an error of date of that kind you will often find in posting books.

Q. Yes, but I have shown you that it cannot be an error when the correct date is erased and this carefully put in its place?—A. That was before it was posted.

Q. Well, you spoke of the book-keeper being responsible for the balancing of the books; are there entries made against that to balance it?—

A. It is carried down in that balance.

Q. Is it not carried on indefinitely as an unsettled balance?—A. No, sir; I think not.

Q. Where is it balanced? I ask your particular attention to it because I have been unable to find any particular account where it is balanced.—

A. I see on page 47 that this is transferred to the next ledger.

Q. What is the date of the transfer?—A. August 1, 1872; it is transferred to the next ledger, page 42.

Q. So that up to August 1, 1872, it is carried forward as an unsettled balance?—A. Yes, sir. Those loans were matters of which Mr. Bellows, the vice-president, kept his own memorandums.

Q. But it has been already shown to you that this was not, in point of fact, a loan; that Harriot & Noyes had nothing to do with it.—A. Well, sir, it does not necessarily follow that any information came to me other than through the vice-president, who was the only authority—that is, who was my next in command; with Mr. Stockwell I never came in contact.

Q. As far as August 1, 1872, then, it appears you had no direction as to the manner in which that item was being balanced?—A. No, sir; not up to August, 1872. I do not think Harriot & Noyes ever paid that. Here is another charge, March 14-16, \$593,759.

Q. Would not those things be explained in case Mr. Stockwell had used that much money and had to make an entry of some sort in the book, and thus carry it along for his own account until it was balanced by another check? Is not that a better explanation of it than that

Harriot & Noyes held it on loan, in the absence of a corresponding entry showing that it was satisfied? In other words, is not the indication that that was not a *bona fide* loan? Judging from the course of business between that company and Harriot & Noyes, did Harriot & Noyes ever take money on loan to such large amounts?—A. I do not know about Harriot & Noyes, but I think there are some large loans that ran for a good while, so far as my memory goes. In fact, here are Harriot & Noyes charged with \$1,200,000, with a credit of \$789,000, and the balance carried down here. I think there is no trouble in tracing that entry of \$650,000 and showing where the credit is.

Q. Take the other ledger and state where you next see any trace of that item of \$650,000.

[The witness spent some time in attempting to trace the item, and before he had succeeded the examination was resumed as follows:]

Q. I will put a question to break the monotony. Is it difficult to trace that item of \$650,000 after it is carried forward in August, 1872?—A. Somewhat difficult, sir.

Q. Why do you come back to the journal to trace how it is carried forward in the ledger?—A. It is not carried forward in the ledger.

Q. Then it is not always true that a book-keeper's absolute duty, irrespective of instructions, is to see that his accounts balance?—A. The books ought to balance.

Q. Then why cannot you trace that item that was carried forward from August?—A. I am very certain that I can, if I can have time. Perhaps you do not understand—

Q. I do not hold you responsible for everything, Mr. Roundey; but as you have charge of the books, I want to ascertain all you know about them.—A. I understand that.

Q. I will ask another question. In an ordinary regular business transaction of the company, would not you have been able to trace that \$650,000 item in the balance?—A. Yes, sir; and I think I can trace it now. [The witness figured for some time on a piece of paper, and then answered:] It is here, sir; I knew it was here. There is \$780,000 that ought to have been carried down to the debit of Harriot & Noyes the next time that this account was balanced; and here it is, on the 27th of May.

Q. So that in tracing it out you find it still charged to Harriot & Noyes?—A. Yes, sir.

Q. Does it appear by the books to have been paid by Harriot & Noyes?—A. There was \$780,000 debit; \$280,000 was paid under date of June 2-7; then \$500,000 was carried forward as still to the debit of Harriot & Noyes; then there is a credit, by cash \$500,000, which closes the account.

Q. Then on the face of those books, tracing that item through the ledger, it would appear that Harriot & Noyes had repaid the whole amount, including the \$650,000 charged from the check-book?—A. Yes, sir; and this last \$500,000 is credited as "By cash, Harriot & Noyes," under date of September 7, 1872.

Q. Does that check of September 7 correspond in amount and date with the entry you now find balancing these charges against Harriot & Noyes?—A. That, according to the books, corresponds in date and amount.

Q. If it appears that the check just shown you was simply an exchange-check with Harriot & Noyes, and that no money was actually paid by Harriot & Noyes to the company, what would you conclude about the entry there discharging Harriot & Noyes from this liability?—A. That there must be an entry upon the check-book for it.

Q. Would that be a discharge of a *bona fide* charge against Harriot & Noyes, if this check is shown, as it is by the evidence here, to have been an exchange-check between Stockwell and Harriot & Noyes?—

A. That is a question with which I have nothing to do.

Q. But that is the evidence, that this was simply an exchanged check. Now, would that constitute this a *bona fide* entry of a *bona fide* liability of Harriot & Noyes, or would it indicate that Harriot & Noyes had not been liable for that amount?—A. That would be the impression, that they had not been liable for it.

Q. One thing further: did you learn by any statement made, to your own knowledge, by Mr. Stockwell or by Mr. Irwin, what amount of money was to be expended in obtaining this subsidy?—A. No, sir.

Q. Did you hear from either of them any statement of the amount that had been expended?—A. No, sir.

Q. Did you hear any instruction given by Stockwell to Irwin touching his line of action in procuring the subsidy?—A. No, sir.

Q. Have you any knowledge, derived from papers, memorandums, or statements of either of those gentlemen, as to what was paid in connection with obtaining the subsidy?—No, sir.

Q. Have you any knowledge of the amount that Irwin was to receive for his services in connection with obtaining the subsidy?—A. I have not, sir.

Q. Have you any knowledge from the instructions given to you in respect to keeping the books, or in any other way, of the manner in which this expense in connection with obtaining the subsidy, whatever might be its amount, was to be discharged; whether by the president or by the company, or by stock speculations, or in what way?—A. The only information I have upon that point was communicated to me by the vice-president of the company. In speaking of the large amount of money which was to be charged in, and which was all mixed up among, these loan-accounts, so that it was really a very difficult thing to keep the run of it—

Mr. BECK. That is evident.

The WITNESS. In speaking of that, the vice-president told me that it was Mr. Stockwell's intention to repay that money, and that the company were not to be at any expense in procuring the subsidy.

Q. That information was derived from the statement to you of the vice-president, Mr. Bellows, the gentleman who signed the checks?—A. Yes, sir. It was merely a personal statement, not an official statement, perhaps; but it was made in connection with our conversation in regard to the amount of money which purported to have been expended at Washington.

Q. I am reminded that there was an unexplained voucher of twenty nine thousand and odd dollars returned by the San Francisco agency at the close of their accounts in 1872, which has been spoken of in the evidence as not accompanied with satisfactory explanations. Here it is, dated November 30, 1872, from the San Francisco agency, and purporting to be "for sundry payments, account expenses, Washington, elections, &c., 1871 and 1872," signed, "Eldridge & Irwin, agents"—

Q. Have you any knowledge, more than what you derived from the face of that voucher, touching the expenses referred to?—A. I have not.

Q. Do you know what the San Francisco agency or Mr. Irwin himself claimed those expenses to have been for?—A. No, sir; I do not.

Q. You have no knowledge of that voucher, further than you derived from reading its face, now?—A. No, sir.

Q. No knowledge of its having been paid, directly or indirectly, by a check?—A. No, sir; I have not. That voucher comes as having been paid by the San Francisco agency, charged in their monthly account.

Q. In what monthly account would it appear, it being of that date?—A. It should be in the account for November, 1872, according to its date.

By Mr. NIBLACK:

Q. From what I have been able to hear of your testimony, I understand that these charges, which seem to have been false, in fact, were intended, or supposed by you, at least, to be mere temporary charges to be corrected in some way, or relieved of their false character before any publication should be made, or ultimately, at all events, before these accounts should be closed up?—A. The only reply to be made to that, is the statement made before as to what Mr. Bellows stated about Mr. Stockwell's intention, though I must confess that I had very little faith that it would be carried out. Still, of course, the money had been charged on the books, and had been charged there under the authority of the vice president, who, I presumed, had got his orders from the president to have the charges made in that particular way, and the charges were made in accordance with the orders given. The company had authority, as I understood, (although that was outside of my province,) to incur certain expenses; this amount, of course, was exceedingly large.

Q. Is it not very unusual in an important transaction like this, on the books of a company like this, or even on the books of any private firm, to erase one man's name and substitute another?—A. Yes, sir; it is.

Q. Is it not regarded, universally, so far as you know, as a circumstance which always casts suspicion upon the books?—A. Necessarily, sir.

Q. Your attention was drawn from time to time to these extraordinary entries in the books?—A. Yes, sir. Of course the original entries were made by myself; that is, the forms of the entries in the journal were by myself, and copied by Mr. Walker.

Q. You spoke about rumors in the office; was it your understanding, derived from those rumors or in any way, that these extraordinary entries upon the books of the company had some reference to this subsidy proceeding before Congress?—A. That was generally understood, sir; although, of course, nobody except myself or my assistants, or Mr. Bellows, knew exactly the shape in which these accounts had gone through the books, nor where the charges were. It was not intended that they should know.

Q. Did Mr. Irwin ever render any account that you are aware of to Mr. Stockwell in regard to his expenditure of this amount of money?—A. Not to my knowledge.

Q. Was any account of it ever required of Mr. Stockwell by any officer of the company?—A. Not to my knowledge.

Mr. BECK. "Addition, division, and silence" seem to have been the cardinal principles of that transaction.

By the CHAIRMAN:

Q. Look at the check-book of the Pacific Mail Steamship Company with the National Bank of Commerce, and state what entry you find under date of January 29, 1872, stub No. 1526, and read it.—A. [Reading.] "Expenses in Washington, China, Richard B. Irwin, check to

order of Pacific Mail Steamship Company, \$25,000." The date is January, 1872.

Q. Is that entered upon the books of the company, the cash-book, journal, &c.?—A. Yes, sir.

Q. Read the entry in the cash-book.—A. [Reading.] "Profit and loss, R. B. Irwin's Washington expenses, \$25,000."

Q. In whose handwriting is that entry?—A. Mine.

Q. Look at the check-book, check No. 1647, and read it.—A. [Reading.] "February 13, 1872. A. B. Stockwell, president. A. B. Stockwell, by order of the president, \$40,000, check, A. Masterton."

Q. What entry of that do you find in the books of the company?—A. [Reading.] "A. B. Stockwell, president, loan, special, \$40,000."

Q. Who was A. Masterton?—A. He was president of the Merchants and Manufacturers' Bank.

Q. State whether there were any checks, of the date of February 13, given on that bank for sums of \$100,000 and \$110,000.—A. There do not appear to be any for just those amounts.

Q. Mr. Stockwell's letter of February 13, 1872, put in evidence before this committee, reads:

"DEAR SIR: I inclose checks to my order, indorsed to your order, for \$250,000; \$100,000, \$110,000, and \$40,000, which are placed in your hands to be used, &c."

State whether the \$40,000 entry, which you have read, is one of those checks.—A. That I am not able to say.

Q. Do you find any checks of the amounts \$100,000 and \$110,000?—A. No, sir.

By Mr. KASSON:

Q. Do you find on your books any entries corresponding to those in dates and amounts, or do you find any sums which added together would make those amounts? Do you find the amount of \$110,000 entered on your books?—A. There is one entry of that amount dated February 8, 1872; that is charged to Kenyon, Cox & Co., as a loan. There is nothing about the entry indicating that it was anything more than an ordinary cash loan. On the 7th, there is a loan to Harriot & Noyes of \$300,000; also a loan to Osborn & Chapin of \$100,000. So far as those entries are concerned, I am quite confident that the transactions were ordinary business transactions—ordinary cash loans. They look like it, and there is nothing to indicate that they were not.

Q. Have you traced them to the journal?—A. I will do so.

By Mr. BECK:

Q. Trace that one out; Kenyon Cox & Co., \$110,000.—A. I will trace that in the ledger. It stands here to their debit, February 8, "Kenyon Cox & Co., \$110,000," and was paid, apparently, on the 14th February, 1872. It is on page 79. There should be an entry in the books of that \$110,000.

Q. With interest?—A. The interest would be charged as interest.

By the CHAIRMAN:

Q. Read the entries in the stub-check-book in relation to the return of those loans.—A. [Reading,] February 14; Kenyon, Cox & Co. returned loan, February 8 \$110,000 00

Interest account:

Interest to date 128 33

Total 110,128 33

Q. Read the stub of check No. 1651.—A. [Reading,] Osborn & Chapin, loan on demand..... \$295, 000 00
Interest 408 33

Total 295, 408 33

Q. Look at check No. 2135, and read the entry.—A. [Reading,] "April 19. Eldridge & Irwin, agents, A. B. Stockwell, president, \$35,000."

Q. How is that entered in the cash-book or the journal?—A. That is charged to Eldridge & Irwin, agents, A. B. S., special, \$35,000. That, of course, was so that I might be able to trace it.

Q. Read check number 2263.—A. [Reading,] "May 10. A. B. Stockwell, loan, special, \$20,000." In the cash-book: "May 10. A. B. Stockwell, loan, \$20,000."

Q. Read number 2273 in the check-book.—A. "May 11, 1872. Eldridge & Irwin, order, P. M. S. S. Co., \$20,000." In the cash-book, "Eldridge & Irwin, agents, May 11, agents, \$20,000," with the words "special account" underneath.

Q. Read the entry in relation to the check 1370.—A. "January 10. Expenses in Washington, China, Charles Abert, on account, \$1,000." That is charged to profit and loss.

Q. Will you explain what those expenses were?—A. "Profit and loss: Charles Abert, commission, collecting subsidy, \$318.21." Then "Charles Abert, account, Washington, expenses, \$1,000."

Q. State what you know in regard to that.—A. Mr. Abert was a gentleman whom I have seen several times in the office, though not having any acquaintance with him. He had formerly been employed by the company in collecting bills against the Government for mail-service, and he always received a commission for that work. I do not know what that \$1,000 was for, but the presumption is that he was doing some service for the company, and claimed \$1,000, and we paid him.

Q. The other payment was in pursuance of a contract?—A. Yes, sir, it is precisely what had been paid ever since I have been in the employ of the company, before the company ever had a subsidy.

Q. Look at number 2140.—A. "April 20th. Profit and loss. H. A. Nelson, \$5,000."

Q. Who is H. A. Nelson?—A. Judge Homer A. Nelson. That was for legal services.

Q. Look at check 2137.—A. [Reading,] Bank of Commerce, returned Loan \$100, 000 00

Interest account:

Interest 38 39

Total 100, 038 39

There is nothing to indicate that that was not an ordinary transaction, a temporary loan.

Q. Was the Bank of Commerce borrowing on interest from the Pacific Mail Steamship Company?—A. Let me see. In the ledger-entry it looks as though *we* had borrowed \$100,000 from the Bank of Commerce—"returned loan."

Q. Is that entered on the loan-account?—A. I will see. "Bank of Commerce, loan returned, \$100,000." The loan was made on the 17th of April. We had it two days. The steamship company borrowed \$100,000, and we will see by the balance that it was necessary.

Q. Read check number 2149.—A. Profit and loss, Bird, Perkins & Jones for services of C. N. Goulding, \$50.

Q. Who is C. N. Goulding?—A. That is a question I cannot answer. I have got it charged, "pay to C. N. Goulding \$50," but for what services I do not know.

By Mr. BECK:

Q. You are now given the account of Richard B. Irwin, with the American Exchange Bank. He deposited \$25,000 on January 27, 1872. He drew from you \$25,000 on the 25th, two days before?—A. Yes, sir; January 25.

Q. February 13, he drew from you \$40,000?—A. Yes, sir.

Q. There appears a deposit of \$40,000 in that bank on February 26?—A. Yes, sir.

Q. He drew from you on the 19th April \$35,000. Do you find a deposit of \$35,000 in that account?—A. Yes, sir; the same day, April 19.

Q. He drew from you \$20,000 on the 10th May. Do you find a deposit of \$20,000 on the 11th May?—A. Yes, sir.

Q. He drew from you on the 14th \$20,000. Do you find a deposit of \$20,000 on the 15th?—A. Yes, sir.

Q. The total, I believe, as it adds up here is \$140,000?—A. Yes, sir.

Q. Now taking the entries on this book and taking these entries in his account with the American Exchange Bank and the entries on your check-book and cash-book, the total is \$140,000?—A. Yes, sir.

Q. Assume that he received on the 24th May, \$750,000 in those other checks, which have been shown to you, and used all of that money in reference to that subsidy; does that indicate that he spent \$140,000 more, in addition to the \$750,000?—A. That would seem to be the indication.

Q. Is it not conclusively so to your mind? He had drawn \$750,000, and if he received \$140,000 afterward, and spent all of it, is it not clear that that amount also was furnished for the same purpose?—A. Yes, sir; it appears so. The books show those charges.

Q. They show that they were furnished to him during the period this subsidy was pending and when he was employed in the special agency?—A. Yes, sir; these were charged to Eldridge & Irwin, agents.

Q. But his own check-account and your books agree in showing that \$140,000 had been furnished to him before the 24th May. Would not that indicate that from January 25, 1872, down to and including May 24, 1872, he did in fact receive \$890,000 from the company?—A. So far as certain entries on the books are concerned, they would indicate that that amount or even a larger sum passed through somebody's hands, but there was afterward a credit, and the actual round amount charged out, for which there is no account, and for which the company never have had any account, is just \$800,000.

Q. Those payments of \$140,000 from January 25, up to May 15, in addition to the \$750,000 that he received on May 24, make, in fact, \$890,000?—A. Yes, sir.

Q. If Irwin has ever paid any part of that back to the company, tell us in what form it was paid.—A. My record of certain entries which have been made upon the books, shows, in the first place, sundry charges, and it resulted in leaving Eldridge & Irwin's account at \$600,000 debit as against them. Then there were \$200,000 for which checks were exchanged with Mr. John Roach, as I understand, for which the company has no receipt. They were charged to the two China steamers.

Q. When was that?—A. I perhaps would not like to give you those, because I find that my memorandum is not so full and complete as I supposed it was.

Q. Was it before the 1st of June, 1872?—A. I cannot say; it was about that time.

Q. If there is anything upon your books that will show that Irwin ever refunded to the company any part of that \$890,000 we want you to explain it.—A. Well, we did not know Mr. Irwin particularly; the refund came in certain—

Q. From Irwin's account with the bank, and from your books, it is clear that he received these sums, and we can see how the money was paid out of the bank. Do you see anything in his payments out, which indicates that any part of the money was ever paid back to the steamship company? Is there anything in all those entries of the paying out of this money by the bank, showing that any portion of that \$840,000 came back to the Pacific Mail Steamship Company?—A. No, sir; but this is Irwin's account and the bank-account. The simple correspondence of amounts is no evidence, of course, on which I can swear that those were the same items.

Q. Look and see if you can find any entries of repayments by Irwin to the Pacific Mail Steamship Company from the 25th of January to the 24th of May, when the \$750,000 was paid him, that correspond with any of those amounts drawn out of the bank by him?—A. I am very certain there are none; it is hardly worth while to look.

Q. Would not that indicate, therefore, that he had spent all that money otherwise than by refunding it?—A. Well, the \$140,000, of course. As to the simple matter of correspondence of amounts, I cannot say anything about that; and in fact, except as the charges are made, I do not know, officially, that Irwin ever had a penny of the company's money.

By the CHAIRMAN:

Q. But this account with the bank shows that he actually deposited in the American Exchange National Bank \$140,000, and your books show that he got that much from the company?—A. They show that it was charged to Edridge & Irwin as agents; but you must remember that those checks were drawn and given to Mr. Stockwell, as the account shows. What became of them afterward I do not know. The first time that I have ever seen them has been in this room to-day; and consequently, the fact that these credits to him by the bank correspond in amount to these sums is no reason for my saying that they were the same.

By Mr. BECK:

Q. When dates and amounts correspond clear through, is it not very significant?—A. When dates and amounts correspond clear through, it is, perhaps, ground for an inference, but it is not evidence.

By the CHAIRMAN:

Q. It would be sufficient for a jury, would it not?—A. Well, strange coincidences occur sometimes.

Q. This memorandum from which you have refreshed your recollection, what is it and when was it made?

By Mr. BECK:

Q. Where did you get that?—A. This is a memorandum which I kept when I made certain entries.

Q. Was it made at the time the entries were made?—A. At the time.

Q. And you have had it ever since?—A. Yes, sir.

By Mr. KASSON:

Q. That same paper; taken from the books of the company?—A. Yes, sir; I did it for the purpose of being able to trace those entries.

By the CHAIRMAN:

Q. Did you keep a memorandum of the parties who had loans, &c.?—A. No, sir; I will tell you. These papers happened to be in my desk when I came away, and supposing they would be of no interest to anybody but myself, I took them. This, for instance, is Harriot & Noyes—the year does not appear to be put down here—\$256,200. Harriot & Noyes ran through \$1,194,000, and the balance at that time was \$256,200. F. C. Markham had \$850,000, of which he owed \$150,000 at the time this memorandum was made out. Osborn & Chapin had \$2,039,000, and the balance against them was \$141,000 at that time. That is simply an indication. When we ruled off our books and brought our loans down we took them off in this way to indicate how the books were kept.

Q. Was it a part of your duty to make these abstracts of the accounts?—A. No, sir. If you look at the ledger, you will see how these accounts were brought down. This was intended simply for the purpose of checking those accounts, and as a private paper of my own.

Q. Did you keep such a memorandum for your private use, in regard to all the large accounts?—A. No, sir.

Q. Why did you select these particular accounts?—A. Because they happened at the time to be in my desk when I left the company's office, and as talk of loans, and subsidy investigations, &c., had been rife, and thinking the time might come when some question would arise as to how these loans were kept, I took the memorandum.

Q. You thought there was something suspicious in regard to these accounts?—A. O no, sir, not at all; because these accounts, so far as they go, and at these dates, were, as I think, correct. For instance, Mr. Rufus Hatch is down here as having received \$941,900, as a loan, which he paid, and the account was closed. Here are Jamieson, Smith & King, Osborn & Chapin, F. C. Markham, Harriot & Noyes, and others. This is simply a memorandum of a number of accounts which at that time were represented as standing upon our books.

Q. Why did you take this particular memorandum, though, by which to refresh your memory?—A. Because it referred to these specific amounts of money, showing how the accounts stood when these matters were closed up.

By Mr. KASSON:

Q. There is one little item here on the memorandum which you have handed in—the last item, “check A. Masterton, charge Eldridge & Irwin,” with no amount brought out.—A. I think that I referred to that entry.

Q. And yet you swore a little while ago that this Masterton entry was *bona fide* as you considered.—A. That is not the only Masterton entry. That entry was made in December, 1872.

Q. That is probably another matter.—A. Yes, sir; Mr. Masterton had made sundry loans.

Q. I see the last entry on the right-hand side of this memorandum is “E and I, (meaning Eldridge & Irwin,) debited to cash September (without date) \$500,000;” does that refer to the \$500,000 check dated September 7, which was shown awhile ago?—A. I think it does.

Q. Was not that entry made by you?—A. Yes.

Q. What did it mean—that Eldridge & Irwin had received that check which is charged to Harriot & Noyes?—A. No, sir; it was intended to show that Eldridge & Irwin were charged with it on the books finally—not with reference to where the check went.

Q. But were Eldridge & Irwin finally charged with it on the books?—A. Yes, they were charged with \$500,000.

Q. That is, Harriot & Noyes were discharged, and Eldridge & Irwin were charged with this amount?—A. I do not know how it was done; Eldridge & Irwin were charged with \$500,000 which they never had.

Q. In the books it appears as a charge to Harriot & Noyes.—A. Yes; but Harriot & Noyes are credited with it afterward.

Q. But you now say that Eldridge & Irwin appear charged with it, and that they never had it.—A. Yes.

Q. And yet your books show that it stood against Harriot & Noyes for whole months, and was afterward carried to the account of Eldridge & Irwin, and yet you say that Eldridge & Irwin never had it.—A. That check is not on my books. Had Harriot & Noyes actually and *bona fide* owed that \$500,000, and had actually paid it back to the company, and then had that \$500,000 been paid to Eldridge & Irwin as a check, the entry would have appeared precisely as it is in this book. I had no knowledge that the \$500,000 was not actually loaned to Harriot & Noyes, but I knew that the charge to Eldridge & Irwin did not belong to them, and therefore I made the entry in that way. The Harriot & Noyes entry did not strike me as unusual.

Q. And yet that entry indicates that the entry to which I refer was a charge to Eldridge & Irwin?—A. Yes, sir.

Q. And yet no such charge appears against Eldridge & Irwin?—A. Not until September; it was transferred through the check-books and would not necessarily attract my attention, because the credit to Harriot & Noyes would be in the ordinary course of business, and there would be nothing at all in it to attract any attention.

By Mr. NIBLACK:

Q. You said something about an exchange of checks for \$200,000 with John Roach.—A. That I have no memorandum of; I was told that there was an exchange of checks for \$200,000.

Q. Told by whom?—A. By Mr. Bellows, vice-president, and it was well understood at the time by him and myself, although the company did not know it until a long time afterwards, that that \$200,000, was to be charged to the two steamers that Roach was building—\$100,000 to each. I understood that it was on account of subsidy business or Washington business, and that in making up any statement of the cost of these steamers, or in balancing with the contractor, Mr. Roach, \$100,000 on each of these steamers must be taken into consideration; that if, for instance, the contractors wanted to know how much the company owed on each one of those steamers, that \$100,000 must be deducted from the amount paid, because Mr. Roach had exchanged his checks for it. In alluding to that one day, Mr. Smith, the treasurer, told me that he had Mr. Roach's receipt for that item. I challenged him to produce the receipt and he could not do it. That is simply the history of that transaction.

By Mr. KASSON:

Q. Then an exchange of checks means that Mr. Roach gave his checks to the company, and that the company gave its checks to Mr. Roach?

—A. No, I do not understand it exactly in that way; I understand that the company gave its checks to Mr. Roach, and that Mr. Roach gave his checks to Mr. Stockwell, and that the company never got the benefit of them; in other words, that the company was \$200,000 out of pocket.

Q. For the benefit of Mr. Stockwell?—A. For the benefit of Mr. Stockwell, or whoever got the money.

Q. Does not that follow legitimately, that where the company gave its checks to Mr. Roach and Mr. Roach gave his checks to Mr. Stockwell, (not to the company, but to A. B. Stockwell individually,) the money went out of the funds of the company into Mr. Stockwell's pocket?—A. Yes, sir, that is the fair inference.

Q. And that is what you call an exchange of checks?—A. It was an exchange of checks in that instance.

Mr. KASSON. Yes; but rather a fatal one for the company.

Q. State whether leaving the entries on the bank-book blank, and with only the initials A. B. S., did not indicate that the amount was ultimately to be charged to Mr. Stockwell, or to somebody else, as might be agreed upon between that somebody else and Mr. Stockwell, or else that an absolute false entry was to be made. Either of those things could be done, could it not?—A. Yes, sir; it could be charged to anybody. My instructions were to charge them. I was of course subject to the orders of the vice-president.

NEW YORK, *December 30, 1874.*

WILLIAM R. BUNKER sworn and examined.

By Mr. KASSON:

Question. In what capacity are you employed?—Answer. I am secretary of the Brooklyn Trust Company.

Q. How long have you been such secretary?—A. Since August, 1873.

Q. Have you the books of the Brooklyn Trust Company prior to that date?—A. Yes, sir.

Q. Have you the books of the old Brooklyn Trust Company?—A. It has always been the one company.

Q. Have you the books of that company covering the months of May, June, and July, 1872?—A. I have.

Q. Produce the pass-book of the Brooklyn Trust Company with the Marine National Bank of New York.

[Witness produces it.]

Q. State what entry there is on this pass-book of a deposit in the Marine National Bank, of a large sum under the date of May 30, 1872.—A. There appears to be a deposit of \$275,000 under that date.

Q. A deposit made by the Brooklyn Trust Company with the Marine National Bank?—A. Yes.

Q. Does that pass-book show from whom the Brooklyn Trust Company received that amount?—A. No, sir; the pass-book does not show it.

Q. Turn now to the entries in the cash-book of the Brooklyn Trust Company corresponding to that deposit, and state if that book indicates to whose credit this \$275,000 went.—A. I read from the "cash-book of individual deposits," but I do not find any item as large as that on that day.

Q. State if there appear to have been some large payments made to an individual by the Brooklyn Trust Company on May 30; and, if so, read the entry, and then state if there was a large credit to an individual on the same date.—A. Yes; there appear here three entries of payments made by checks on the Marine National Bank.

Q. State the name and amounts.—A. There appear three checks of \$50,000 each, drawn to the order of John G. Schumaker, dated May 30, 1872, amounting in all to \$150,000.

Q. State if you find an entry of a large amount passed to the credit of any one on that same day.—A. The largest item is an entry of \$125,000.

Q. To whose credit is that passed?—A. To the credit of the same man, John G. Schumaker.

Q. And the three checks and that credit amount to how much?—A. To \$275,000.

Q. All under date of May 30, 1872?—A. Yes.

Q. What do you conclude from the entries which you have before you, in the books of the company, as to the account to which that \$275,000 check passed?—A. It did not go to any one's account.

Q. To whose benefit did it go?—A. To the benefit of the same man I have mentioned.

Q. State whether the three checks that you have mentioned were the only checks drawn on the Marine National Bank on the 30th of May by your company.—A. They are the only checks drawn by the Brooklyn Trust Company on the Marine National Bank on that day.

By Mr. BECK:

Q. The cashier of the Marine National Bank was before this committee yesterday, and stated, in substance, that on the day of deposit of that \$275,000 by the Brooklyn Trust Company there was a balance in the Marine National Bank to the credit of the Brooklyn Trust Company of about \$151,000. Do the books show that?—A. That is about the balance that appears—\$151,356.85; that was the balance in the books before this \$275,000 check was deposited.

Q. He told us that on the same day \$150,000 was drawn out of the Marine National Bank by the Brooklyn Trust Company.—A. The check-book indicates that by these three items.

Q. Three checks of \$50,000 each, payable to John G. Schumaker?—A. Yes, sir.

Q. Is there anything in the subsequent account of the transaction which indicates how this \$275,000 was disposed of?—A. It was disposed of in the general way; that is, it was transferred to another book, where the account of the Brooklyn Trust Company with the Marine National Bank was kept.

Q. There was still \$275,000 remaining to the credit of the Brooklyn Trust Company after these three checks were drawn?—A. There was \$276,000 remaining.

Q. Is there anything to trace how that money was used?—A. It was merged in the general account, and was used just as the Brooklyn Trust Company needed it.

Q. So that there will be no further information relative to Mr. Schumaker's account given there?—A. No, sir.

By Mr. BURCHARD:

Q. Do you know Mr. Schumaker?—A. Yes.

Q. Where does he reside?—A. I believe he resides in Brooklyn.

Q. Do you know his street and number?—A. I do not.

Q. Who is this Mr. Schumaker?—A. He is a gentleman who has kept an account with the Brooklyn Trust Company, I do not know how long, but since before I have been there.

Q. What is his business?—A. I think he is a lawyer, and, if I am not mistaken, he is a member of Congress.

Q. Do you know that Mr. Schumaker, the member of Congress, is the same person that you speak of?—A. Yes, this is the Mr. Schumaker who is a member of Congress.

Q. Do you know whether he was a member of Congress at that time?—A. I do not. I do not know anything about him except by hearsay.

Q. Have you the books corresponding with the entry?—A. Not here, but I will produce them.

By Mr. KASSON :

Q. Will you make a transcript of the account of this gentleman with the Brooklyn Trust Company, beginning with 1872 and continuing until the next settlement following this transaction?—A. I will do so. I wish to say here, in justice to the Brooklyn Trust Company, that that company never has failed, as was stated here. It suspended, or was in the hands of a receiver for twenty days, and then the company went on regularly with its usual business, and no depositor ever lost one cent by the company, in principal or interest.

By Mr. NIBLACK :

Q. Whom did you succeed as secretary?—A. Marvin T. Rodman.

Q. Do you know where Mr. Rodman is now?—A. I do not; he has been at one time in Philadelphia and at another time in Ohio.

Q. He is not in this city now, that you are aware of?—A. I do not know where he is.

By Mr. BECK :

Q. Who was president of the Brooklyn Trust Company at that time?—A. Mr. Ethelton S. Mills. He was drowned at Coney Island. It was his death which led to the suspension and temporary trouble of the company.

Q. Mr. Schumaker's checks have been all returned to him?—A. Yes; that is always done when accounts are balanced. Mr. Delamater, the cashier of the Marine National Bank, stated, yesterday, that that bank had no transactions with the Brooklyn Trust Company since its suspension. That is a mistake. Mr. Delamater must have referred to special transactions, not to general dealings, because our account has been kept there all along, and we have been depositing and drawing, and are still depositing and drawing, with the company. He must evidently have referred to special transactions, because he could not possibly have referred to the ordinary business of the company.

Q. Then the Brooklyn Trust Company has an account with the Marine National Bank?—A. Yes, sir; that evidently must have been a misapprehension on the part of Mr. Delamater. I simply desired to say this in justice to the company.

Witness was requested to produce to the committee the original checks drawn to the order of John G. Schumaker, and he subsequently appeared before the committee and presented three checks, each for \$50,000, each dated May 30, 1872, and each payable to the order of John G. Schumaker. The following is a copy of one of the checks, the other two being exactly similar :

"BROOKLYN TRUST COMPANY, 193,
"Brooklyn, N. Y., May 30th, 1872.

(In pencil, H. D. C.)
"\$50,000.]

"The Marine National Bank of New York :

"Pay to the order of John G. Schumaker, fifty thousand dollars in current funds.

"ETHELTON S. MILLS,
"President.

"M. T. RODMAN,
"Secretary.

(Indorsed :)

"JOHN J. SCHUMAKER.

(Stamped.)

"Pay to the order of Jay Cooke & Co., New York.

(Signed)

"JAY COOKE & CO.,
"Washington, D. C.

(Stamped.)

(Signed)

"WM. M. TENNEY.

"For deposit to the credit of Jay Cooke & Co.

(Stamped.)

(Signed)

"FORCE."

By Mr. BURCHARD :

Q. Do you know the signature of John G. Schumaker, on the back of these checks?—A. I am not familiar with it at all. I have seen Mr. Schumaker's signature, but I am not sufficiently familiar with it to identify it. My impression is that this is his signature, but I cannot swear to it.

By Mr. NIBLACK :

Q. One of these checks is indorsed to the order of Riggs & Co. Is that Riggs & Co. of Washington?—A. I cannot tell. The house has an office in New York and also one in Washington.

Q. Jay Cooke & Co. also had offices in each city?—A. Yes, they had offices in New York, Philadelphia, and Washington. I see that two of these checks are indorsed by the Washington house of Jay Cooke & Co., and are also indorsed by what I suppose is the New York house.

By Mr. BURCHARD :

Q. Does check No. 191 indicate by which house it was indorsed?—A. The only thing on that check to signify it is the stamp for deposit by Riggs & Co. in New York.

Q. From that what do you infer?—A. I see the number 6 stamped upon it, which is the clearing-house number of the Bank of America. I infer from that that this check was deposited by Riggs & Co. of New York, in the Bank of America, New York. No. 6 is the clearing-house number of the Bank of America.

Q. Is there any such number on check 192?—A. Yes, No. 23, which is the clearing-house number of the Bank of Commerce. That indicates that it was deposited by Jay Cooke & Co. in the Bank of Commerce, of New York, to their credit. Check No. 193 also bears the clearing-house number of the Bank of Commerce, and it indicates that it was deposited by Jay Cooke & Co., of New York, in the Bank of Commerce of New York.

By Mr. BECK:

Q. Do these checks indicate the day on which they were deposited?—

A. They do not indicate what day the banks received them.

By Mr. BURCHARD:

Q. These are the checks of the Brooklyn Trust Company on the Marine National Bank of New York?—A. Yes, sir.

Q. Payable to the order of John G. Schumaker?—A. Yes, sir.

Q. And they were charged up to him on the same day?—A. The books appear to show that we received a check for \$275,000, credited him with 125,000, and gave him three checks amounting to \$150,000, on that same day.

Q. How were these entered on your books?—A. The Brooklyn Trust Company received a check for \$275,000, returned him \$150,000 in these checks, and put the balance to his credit. These checks were deducted from the deposit made. It was as if Mr. Schumaker should say, "Here is a check for \$275,000; I wish you to return me \$150,000, and to credit me with \$125,000."

Q. And this \$150,000, was it entered up as cash?—A. Yes, it was credited as the Brooklyn Trust Company's cash returned, or deducted from the amount deposited. We credited him only with \$125,000, and gave him these checks for \$150,000. The only amount that goes into the ledger of Mr. Schumaker's account is the \$125,000.

By Mr. BECK:

Q. Look on these two checks indorsed by Jay Cooke & Co., and say if you do not see the initials H. D. C. on each of them?—A. Yes, sir; I see those initials in pencil in the upper left-hand corner of the check.

Q. Those initials would stand for Henry D. Cooke?—A. They would if there was a Mr. Henry D. Cooke.

Q. Do you not know that Henry D. Cooke was the manager of the Washington branch of the house of Jay Cooke & Co.?—A. I do not know that there is such a person as Henry D. Cooke. I see a pencil-mark there of H. D. C.

Q. Do you know that Mr. Tenney is one of their Washington officers?—A. I do not.

The witness also submitted, by the instructions of the committee, an abstract from the ledger-account of the Brooklyn Trust Company with John G. Schumaker.

Q. Does this abstract which you have furnished to the committee contain the entry of the \$125,000 to which you have been testifying?—A. It does.

Q. Can you inform the committee by anything indicated by the entries on your books as to whom these payments were made?—A. That would be entirely impossible. When the accounts of a customer are balanced, the checks are returned to the party keeping the account, and the payment would only be indicated by the indorsements on the checks. It would be wholly impossible for us to say to whom the checks were paid without the checks being produced.

NEW YORK, *December 30, 1874.*

DUMONT CLARKE recalled.

By Mr. BURCHARD:

Q. Look at the statement of the account of the American Exchange Bank with Richard B. Irwin, which you furnished to the committee,

and state whether you have examined the entries in the books in reference to the payments that are charged to Mr. Irwin during the year 1872?—A. Yes, we have done so as far as possible; but there are a great many items in the account which it is almost impossible for us to trace.

Q. What is the difficulty about that?—A. We receive each day sixty slips from each of the banks of this city, with the list of the checks simply in round numbers, without any reference to the maker of the check or anything of that kind. On looking over the slips of the days on which we received these checks for \$5,000, \$2,000, and such items, we find a great many similar items received from three or four different banks, and unless we had Mr. Irwin's check it would be utterly impossible for us to tell from what bank we received it. We might do so by a series of investigations which would take a great deal of time, and which would, in most instances, be entirely futile. I have chosen three or four items, however, which I have endeavored to trace up. Here is one item of \$14,500, which is rather an odd amount; and I find that it is the only item of that amount which was received on that day, the 27th of February. We received it from the Bank of America. That unquestionably is the check in question.

Q. Why do you think so?—A. From the fact that it is the only item for that amount on all the slips which we received that day. Then here is another item of \$4,000, which is rather an unusual amount also; \$5,000 and its multiples are usual amounts. I find that on the 21st of May we paid two items of \$4,000—one to the Bank of North America, and the other to the Central National Bank.

Q. If either of these was a certified check, could you identify it in that way?—A. No, sir; there is no mark to identify a certified check from an uncertified check. You will recollect that in the first statement which I made here I could not account for the fact that the check for \$100,000 on the 27th of May was paid by the note-teller. The first three checks of that day were paid from the cash of the paying-teller, but the last \$100,000 was paid by the note-teller. Since we first made our statement, we have looked over our books, and we find that on that day we issued a certificate of deposit (which I have here) for \$56,500, payable to the order of A. H. Whiting, and I can recall with a measure of certainty, though not entirely so, that on that day a gentleman was brought in, giving that name and desiring to deposit a check of Mr. Irwin's for \$100,000. He received a portion of it in cash and deposited the rest, receiving this certificate of deposit. That certificate of deposit which was issued on the 27th of May was not returned to the bank for payment until the 3d of July following. It is made payable to the order of Eugene Kelly & Company, and was by Eugene Kelly & Company deposited in the Park Bank, where they keep their account. Whether it was deposited by Eugene Kelly's banking-house in New York, or by their San Francisco house, it is impossible for us to say. It was away for thirty or forty days, which was abundance of time for it to go to California and return.

Q. Do you know A. H. Whiting?—A. No, sir; we never issue certificates to strangers; but when persons come identified to us, we generally take their signatures on the stub of our certificate of deposit book, and we did so in this instance. We took Mr. Whiting's signature on the stub of our deposit-book so as to be able to identify it when it came back. I feel very certain that that was the certificate issued in part payment of that \$100,000 check.

Q. Who are Eugene Kelly & Company?—A. They are California bankers, having an office here in New York.

Q. Are there any other items which you can identify or explain?—A. No, sir; not at this moment. They are mostly in round sums of \$5,000, and it is very difficult to trace such items.

Q. How can we ascertain to whom these payments were made on that account?—A. There is no way of doing so unless we should examine all of the slips that were received on these particular days, and then take every \$5,000 item and send it to one of the banks, and ask that bank to tell us from whom it received the check. The banks could tell us that or not, just as they saw fit to do so.

Q. Could they tell it without having the original checks?—A. They would have difficulty in doing so. They would have to go and hunt out all the \$5,000 items which they received in the course of business on that day. Here is a list of checks which must comprise three or four thousand checks that were received in a single day, and the committee will easily see that it is no trifling matter to write to all these different parties.

Q. Can you tell us whether any check entered on that deposit account was received from Washington?—A. No, sir; none of them were received directly by us from Washington. If a Washington bank has a correspondent in New York, it would remit the check to that correspondent, and it would come to us the following day in the ordinary course of business; but there is no way in which we would know that.

By Mr. BECK:

Q. Explain a little more that \$145,000 item of 27th February, 1872; where did it come from?—A. From the Bank of America.

Q. And was the only item of that amount in that day's business?—A. Yes, sir.

Q. Indicating to your mind that that is one of the deposits by Mr. Irwin?—A. Yes, sir; unquestionably that must be the one.

Q. Can you tell to whose credit it was deposited?—A. No, sir; no one can tell that but the Bank of America.

Q. And the other \$4,000 came either through the Bank of North America or through the Central National Bank, each of those banks having had a \$4,000 item in that day's business, and there being one \$4,000 charged against Irwin?—A. Yes, sir.

Q. It came from one or the other of these two banks, but from which one you cannot tell?—A. No, sir; we cannot tell.

Q. And we can only ascertain that by inquiring from both of those banks, and would fail in one of them?—A. Yes.

Q. Had Mr. Whiting any account with you?—A. No, sir; not previously to that time. We considered it an account when he took our certificate.

Q. You have on the stub of your certificate-book his own handwriting?—A. Yes, sir.

Q. Did you bring it with you?—A. No, sir; but I have it on the certificate here, [presenting a copy to the committee.] There is another item of \$22,500; I have been trying to find the slips of that day, but I had not succeeded in doing so when I left the bank this morning. That is under date of 29th of April. That is also rather an unusual amount, and that is the reason why I chose that one. Even amounts, \$5,000 and its multiples, come very frequently. If we find the memoranda of that day I will send information about it to the committee.

Q. Is that the only one that strikes you as being likely to be found

without much trouble?—A. Yes, sir. It is likely that if we should find out where this item came from, the committee would have great difficulty in tracing it.

By Mr. KASSON :

Q. You have spoken of the only trace that you have been able to find of the disposition of the large sum which you said the other day was apparently paid over the counter on the 27th of May. You have found no other trace of the disposition of that money?—A. No, sir; nothing that I can speak positively of.

By Mr. BURCHARD :

Q. This item of \$14,500, to which you have referred, if it should be a check which had passed through another bank, what would the bank-books show that would enable you to trace it through that bank?—A. The other bank would have to examine its books, and if it should be as fortunate as we were in only finding one item of \$14,500 in that day's business, it could trace that item readily, but otherwise it would be a little more difficult. Still, it could be done. They would have to look over their credit-books of that day, and if they saw an item of \$14,500, and but one such item, they could trace it very readily.

Q. What is there about the \$19,000 item on May 27th?—A. We certified that check, and that was also hunted for, but we have not succeeded in finding it.

The following is a copy of the certificate of deposit produced by the witness :

" 5561.

" NEW YORK, *May 27, 1872.*

" A. H. Whiting has deposited in the American Exchange National Bank fifty-six thousand and five hundred dollars, payable to the order of himself, on return of this certificate properly indorsed

" JNO. S. CARR, *Teller.*

" D. CLARKE, *A. Cashier.*

" \$56,500.

" Indorsed :

" Pay Eugene Kelly & Co.

" A. H. WHITING.

" For deposit in the National Park Bank, New York.

" EUGENE KELLY & CO.,

" Per H. G. BEALE.

" Fifty-six thousand five hundred dollars."

NEW YORK, *December 30, 1874.*

HUGH J. HASTINGS sworn and examined.

By Mr. NIBLACK :

Question. State your occupation.—Answer. I am editor of the New York Commercial Advertiser.

Q. State whether you know, either of your own knowledge or from information which you regard as reliable, of the expenditure of any money at Washington for the procurement of the subsidy of the Pacific Mail Steamship Company?—A. I have no knowledge of the kind.

Q. So that the idea that you knew of it is all conjectural?—A. It is all conjectural. Probably the committee might get something from my statement, or some indication on which it might hang something. I am a stockholder in what is called the New York and Brooklyn Ferry Company. That company was attacked by some parties to force a reduction of the fare, and the directors of the company thought that I should go to Albany to take care of the company's interest. I was forced to go there, and while I was at Albany I heard that the Pacific Mail Steamship Company had some legislation pending before the legislature in regard to reducing the capital stock, or something of that kind. I was inquired of about it on several occasions, and asked by parties to assist them in the matter. I told them that I would take no part in the matter; that I was there to protect my own interests, and had nothing to do with the Pacific Mail Steamship Company. That was about two years ago last winter.

Q. Do you recollect what kind of legislation was then pending on the part of the Pacific Mail Steamship Company?—A. I think it was in reference to reducing its capital stock.

Q. It was an amendment to its charter?—A. Something of that sort.

Q. Do you know whether that legislation was obtained or not?—A. It was.

Q. Do you know whether Mr. Irwin had any connection with that legislation?—A. I never heard of him in connection with it.

Q. Do you recollect who was at Albany at that time, apparently looking after that business?—A. I cannot recollect just now who had charge of the matter.

By Mr. KASSON:

Q. Did Mr. Stockwell himself, or any officer of the Pacific Mail Steamship Company, between the 13th of February, 1872, and the 1st of June, 1872, advance you any money to disburse in their interest for the purpose of procuring legislation?—A. No, sir.

Q. And no such money was disbursed by you?—A. No such money was disbursed by me.

By Mr. BECK:

Q. Was any such disbursement made by anybody else that you know of?—A. I have no knowledge of it.

RUFUS HATCH recalled.

By Mr. BURCHARD:

Question. Mr. Irwin in his testimony produced letters written by Mr. Stockwell to himself, and referred to his replies to them. Have you examined the papers or files of the Pacific Mail Steamship Company to ascertain whether there are letters from Mr. Irwin to Mr. Stockwell, or to any officers of the Pacific Mail Steamship Company, from the latter part of January, 1872, up to the first of June, 1872?—Answer. I have, not, personally, but I gave an order this morning to look for the correspondence between Richard B. Irwin and A. B. Stockwell, either as president or as individual, and to see whether there are any letters, papers, or documents that would bear upon this subject-matter, and that would be of interest or evidence to this committee, or of value to be preserved and made public.

Q. There are some letters here referred to by Mr. Irwin, particularly one in answer to the letter of February 13, and his replies to letters

which he produces and submits in evidence, and the committee desires you to produce those letters and all the correspondence relating to the matter.—A. I shall do so, most cheerfully, as fast as possible, as it is the order of the board of directors to produce every paper and document that may be of interest and of value to this committee and to Congress in developing the whole situation.

Adjourned till to-morrow morning at half-past ten o'clock.

NEW YORK, *December 31, 1874.*

GEORGE E. WEED sworn and examined.

By Mr. BURCHARD.

Question. What is your position?—Answer. Cashier for Mr. John Roach.

Q. Where do you reside?—A. In New York City.

Q. What do you know in reference to the exchange of checks, or of the giving of checks, by Mr. Roach to the Pacific Mail Steamship Company some time in 1872?—A. The exchange of checks was made on the 4th of September, 1872, at the request of Mr. Bellows, the vice-president. On the day previous—the 3d of September—when I was in the office of the company on other business, Mr. Bellows requested me to make an exchange of checks for \$200,000. Mr. Roach was not present at the time, but, on my return to the office, I mentioned the matter to Mr. Roach, and he said that there was no objection.

Q. Was any reason given by Mr. Bellows for making that request?—A. No, sir. I merely supposed that it was an accommodation to the company.

Q. What was done with the check from the Pacific Mail Steamship Company?—A. It was deposited the same day in our bank.

Q. And the proceeds were collected and put to your credit?—A. Yes, sir.

Q. And there was no other significance in the transaction, but a mere exchange of checks?—A. That is all, as far as Mr. Roach was represented in the matter. He had no knowledge of it except by my stating to him Mr. Bellows's request, and his giving his consent to it. He was neither present when the request was made nor when the transaction took place. Mr. Roundy stated yesterday that Mr. Roach gave the check to Mr. Stockwell; but that is entirely incorrect. I never saw Mr. Stockwell in the matter, and I know that Mr. Roach did not.

By Mr. BECK:

Q. To whom was the check given?—A. I handed it to Mr. Bellows.

Q. To whom was it made payable?—A. Mr. Bellows requested that I should draw the check to the order of Mr. Roach; which I did, and Mr. Roach indorsed the check. This \$200,000 was the same amount as the payments which we were receiving on the large ships, and the contract for these ships was in Mr. Roach's name individually. Mr. Bellows's check was payable to the order of John Roach, and he requested that we should draw our check payable in the same way.

Q. Did he give any reason why he preferred it in that way?—A. No, sir.

Q. Did you know any reason why he did?—A. No, sir.

Q. Do you now see any reason why that way should be preferred?—

A. No, sir; I do not.

Q. What two ships had you then a contract for building?—A. The Peking and the Tokio.

Q. When was the contract for the building of those ships made?—

A. In the latter part of June, 1872.

Q. This subsidy, about which we are now considering, became a law on the 1st of June, and the contract was made immediately after that?—

A. Yes, sir; I think the contract was made on the 26th of June.

Q. And your payments were to be \$200,000 each time?—A. Yes, sir.

Q. How often were these payments to be made?—A. At certain stages of the work. We had only received one payment at that time. The contract was for \$1,050,000 each.

Q. Was the payment on these ships made in the name of John Roach or of John Roach & Son?—A. In the name of John Roach.

Q. And the facts that the contract was made with John Roach, and that the payment was made to John Roach, and that Mr. Bellows requested this check to be made payable to the order of John Roach, had they any significance?—A. We thought that it had something to do with that contract, or that it was an accommodation to the company.

Q. Does it not now impress you that it was done in order that it might appear part payment on the ships?—A. It does appear so now, and I would say here that the treasurer of the Pacific Mail Steamship Company stated afterward that we had given a receipt for the money, but, of course, we had not, because it was no receipt of money.

Q. Do you know whether this additional \$100,000 on each of the two ships was charged up so that it might appear that the ships had cost \$100,000 each more than they had?—A. I have been told so since by the treasurer of the company.

Q. Was not that really the significance of the action, as you now understand it?—A. Yes, sir.

Q. You did not then suspect anything wrong?—A. Not at all.

Q. But while your accounts are kept in the bank in the name of John Roach & Son, the fact that this check was given payable to John Roach made it appear as if it was a payment on this contract?—A. Yes, sir.

By Mr. KASSON:

Q. And the result of it was that not one dollar of it was paid on the contract?—A. Not a dollar was paid, and there was no benefit whatever on our part.

Q. It left both parties just as they were before the issue?—A. Yes, sir.

NEW YORK, *December 31, 1874.*

JOHN ROACH sworn and examined.

By Mr. BURCHARD:

Question. A statement was made here yesterday that your checks for \$200,000 were exchanged for those of the Pacific Mail Steamship Company. State to the committee what you know in reference to that transaction.—Answer. I have no knowledge of the transaction. Mr. Weed, my clerk, did all the business with the Pacific Mail Steamship Company, and made all the collections, and made, in fact, all the disbursements. He stated to me that he had been to the office of the Pacific Mail Steamship Company, and that Mr. Bellows, the vice-president, had asked him for an exchange of checks of \$200,000. That amount corresponded to the sum which we generally received in pay-

ment for the ships which we were building for the Pacific Mail Steamship Company. I stated to Mr. Weed that I did not know that we had any objection to the transaction, as the parties were responsible, and I supposed that they might be wanting the money for a day. Mr. Weed filled out the check and I indorsed it, and it was deposited in their bank. The exchange check was indorsed by me and deposited in our bank. I never paid any attention to the transaction until this question came up, and on looking over our check-book I could not find that there was anything in the transaction except a mere exchange of checks. I had no knowledge of Mr. Stockwell in the matter.

By Mr. NIBLACK:

Q. Did you execute any receipt for the money?—A. Not at all.

Q. Had you no knowledge of the use to which any part of this money was put by the company?—A. No, sir; at that time there was no excitement of any kind in connection with the company, and we supposed merely that the company wanted the use of the money for a day or two.

Q. What advantage could this exchange of checks be to either party?—A. I cannot exactly say.

Q. Did it make the ships appear to have cost more than they actually did?—A. Not on our books.

Q. Could it have done so on the company's books?—A. That I do not know. If I had known that it was going to make the ships appear to cost anything more, I would not have consented to it, because I was endeavoring to make the ships cost less than they would cost to be built on the other side of the water.

By Mr. KASSON:

Q. You have stated that all you know about that exchange of checks you derived from Mr. Weed?—A. Entirely so.

Q. And you know nothing on the subject except what you have derived from him?—A. That is all.

NEW YORK, *December 31, 1874.*

ROSWELL G. ROLSTON sworn and examined.

By Mr. KASSON:

Question. What connection had you with the Pacific Mail Steamship Company in 1872?—Answer. I was elected a director of the Pacific Mail Steamship Company on the 29th May, 1872, and remained a director till December 17, 1872, when I tendered my resignation.

Q. Did you know anything of a previous resolution or order made by the board of directors of the Pacific Mail Steamship Company in reference to the obtaining of a subsidy at Washington?—A. I did no.

Q. You had nothing to do with the company prior to the 29th May, 1872?—A. Nothing whatever.

Q. Did you, as a director of the company, obtain any information as to the amount of money chargeable to the company in connection with the subsidy?—A. I knew nothing whatever of the subsidy. It never was discussed at any meeting of the board at which I was present, and I had no knowledge whatever of it.

Q. Nothing was ever stated at the board as to the liabilities of the company on that account?—A. No, sir.

By Mr. BECK:

Q. What was the original amount of stock of the Pacific Mail Steamship Company?—A. I do not know.

Q. Do you know whether it was several times increased by what is known as watering?—A. I do not.

Q. You have no information as to the previous history of the company?—A. None whatever.

NEW YORK, *December 31, 1874.*

GEORGE L. KINGSLAND sworn and examined.

By Mr. KASSON:

Question. State your connection with the Pacific Mail Steamship Company.—Answer. I was elected a director, I think, on the 29th May, 1872, the same date as Mr. Rolston was, and I served until May, 1873.

Q. Prior to the 29th May, 1872, you had no connection with the Pacific Mail Steamship Company?—A. None whatever.

Q. Did you, after the date when you became connected with it, obtain any knowledge as to the alleged expenditures of the company in procuring a subsidy?—A. No, sir.

Q. Did you know of any claims being made by any officer of the company on that account?—A. No, sir.

Q. The question was in no way presented to the board of directors during your term of office?—A. It was not; it never came up.

Q. And in no manner did any knowledge come to you either of expenditures or alleged claims against the company?—A. No, sir; in no way whatever.

By Mr. BECK:

Q. Do you know why Mr. Hatch wanted you and Mr. Rolston summoned here?—A. No, sir; I do not. I have no idea why I should be summoned as a witness.

NEW YORK, *December 31, 1874.*

CHARLES A. AVERY sworn and examined.

By Mr. BURCHARD:

Question. State your residence and occupation.—Answer. I reside at present in Brooklyn. I am connected with the Howe Sewing-Machine Company, and am acting on a power of attorney for A. B. Stockwell.

Q. You are the attorney in fact of Mr. Stockwell?—A. I am.

Q. Attending to his business?—A. Yes.

Q. For how long a time have you been so?—A. Since the 1st March last.

Q. Were you doing business for him in any capacity in 1872?—A. I was only a partner with him in 1872.

Q. In what business?—A. In the firm of H. W. Gray & Avery.

Q. Who were the members of that firm?—A. H. W. Gray, myself, and Mr. Stockwell, who was a special partner.

Q. What business was the firm engaged in?—A. In the exchange and brokerage business.

Q. Where were you doing business?—A. In Broad street.

Q. Was your firm at that time owners of Pacific Mail Steamship stock?—A. Our firm was not.

Q. Were you, individually?—A. No, sir.

Q. Did you know, from information, of an additional subsidy being granted to the Pacific Mail Steamship Company by act of Congress, in May, 1872?—A. I knew of it simply by reading it in the papers.

Q. State to the committee what you know in reference to Mr. Stock-

well's efforts to procure the passage of a bill granting that additional subsidy.—A. I know nothing whatever of it.

Q. Do you know Richard B. Irwin?—A. I do not.

By Mr. BECK:

Q. You have stated that your firm had no stock of the Pacific Mail Steamship Company, and that you had none, in 1872. Did you mean to be understood as saying that Mr. Stockwell had none?—A. Our firm had nothing to say with what Mr. Stockwell did as an individual.

Q. What do you know on this subject?—A. I know that he had stock in the Pacific Mail Steamship Company.

Q. Was he dealing largely in that stock at that time?—A. He was.

Q. Was he doing business in that stock through your house at that time?—A. The firm of Gray & Avery commenced business on October 1, 1872, and there are no entries in connection with Mr. Stockwell's operations prior to that time. We made no operation for him prior to that time.

NEW YORK, *December 31, 1874.*

RUFUS HATCH recalled.

By Mr. BURCHARD:

Question. The committee desired you to produce the books and papers and correspondence of the Pacific Mail Steamship Company relating to the subsidy. State what you have done in reference to procuring them.—Answer. I have had the books thoroughly examined by Mr. Post, Mr. Merrill, and Mr. Lane. I produce the only correspondence which they have been able to find in relation to the subsidy question.

The correspondence is as follows:

WASHINGTON, *January 14, 1871.*

MY DEAR SIR: Your esteemed favor of 13th, covering check for \$5,000, is at hand. With thanks for your usual prompt attention, I remain,

Very truly, yours,

RICHD. B. IRWIN.

C. S. ABERCROMBIE, Esq.,
Treasurer P. M. S. S. Co., N. Y.

(Indorsed:) Irwin, Richd. B. Jan. 12, 1871.

WASHINGTON, *February 13, 1871.*

MY DEAR SIR: Yours of the 11th, covering check for \$5,000, came to hand this noon.

With thanks, I remain truly yours,

RICHD. B. IRWIN.

C. S. ABERCROMBIE, Esq.,
Treasurer P. M. S. S. Co.

(Indorsed:) Irwin, Richd. B. February 13, 1871.

Copy.

[Private official 79.]

OFFICE OF PACIFIC MAIL STEAMSHIP COMPANY,
59 AND 61 WALL STREET,

New York, December 2, 1871.

RICHARD B. IRWIN, Esq.,
San Francisco:

The president of this company desires your presence here as soon as

possible after the receipt of this letter, and you will therefore make your arrangements to leave San Francisco for New York overland so as to be here at an early date.

The object in view of your coming here is to obtain from you all the information that you can give as to what was done by you last year to obtain an increased subsidy for the China line, and therefore it is uncertain how long you will be detained here, but you had better arrange to be absent at least two months.

During your absence the agency business will be conducted by Captain Eldridge, and the assistant agent Mr. Holman, they dividing your duties as most to facilitate the business of the company, and this to be arranged by Captain Eldridge and yourself before your departure.

Telegraph when you are ready to leave, and what day to expect you here.

Yours, truly,

F. W. G. BELLOWS,
Vice-President.

NEW YORK, *December 31, 1874.*

I hereby certify that the foregoing is in all respects a correct copy of the matter contained in pages 297 and 298 of private official letter-book No. 1, of the Pacific Mail Steamship Company.

WM. H. LANE,
Secretary pro tem.

WASHINGTON, *March 5, 1872.* (Received March 6, 1872; answered March 7, 1872.—B.)

DEAR SIR: Thanks for the return of Mr. Sargent's letter.

To oblige some of our best and strongest friends, I have promised a berth as freight-clerk on China line to Henry F. Jones, of Massachusetts. Will you oblige me by sending me a frank for him in cabin New York to San Francisco?

Respectfully yours,

RICHD. B. IRWIN.

F. W. G. BELLOWS, Esq., *Vice-President.*

(Indorsed :) Irwin, R. B. March 5, 1872. Pacific Mail S. S. Co.

AGENCY PACIFIC MAIL STEAMSHIP COMPANY,
San Francisco, July 31, 1872.

DEAR SIR: Inclosed I hand you draught of proposals for the new China service, and of all necessary documents connected therewith.

I would suggest your sending Mr. Abert to Washington with the bids, sealed, with instructions to deliver them in person on, or, if you choose, before, the morning of August 12, and to attend the opening, and report to you. He is the best man. At all events send some one.

Very respectfully,

RICHARD B. IRWIN.

A. B. STOCKWELL, Esq., *President, New York.*

(Indorsed :) Irwin, R. B. July 31, 1872. Pacific Mail S. S. Co.

Q. Is that all the correspondence that there is on file?—A. That is all the correspondence which we have been able to find. I have not looked for it myself personally, but I have asked Mr. Post and Mr. Merrill and Mr. Lane to do so. Mr. Post is a young gentleman who has charge of filing away our papers, and Mr. Lane is the secretary pro tem.

By Mr. KASSON :

Q. You stated that you instructed them to search for all papers on file touching this matter?—A. For all papers, documents, and correspondence on the subject.

By Mr. BECK :

Q. Suppose you tell us what you know about those two checks, of \$100,000 each, which were exchanged with Mr. Roach?—A. I cannot tell you any details of the matter.

Q. Show us your books now and state how those two checks were charged up?—A. I was not a member of the board of directors at that time, but I find on the cash-book the following entries :

“On iron propeller No. 5, to John Roach \$100,000
On iron propeller No. 6, to John Roach 100,000”

[Mr. Weed, cashier to Mr. Roach, here stated to the committee that the steamships Peking and Tokio were known on the books of the company as No. 5 and No. 6.]

Q. Do you find any credits or counter-entries for those charges?—A. There are no counter-entries.

Q. If this was simply an exchange of checks, and if it was so recognized on the books of the company, would there not be counter-entries?—A. Naturally there would be, that is, if the company had anything to do with the matter. It might have been a transaction on account of the company, or it might have been an individual matter outside.

Q. Have the Tokio and Peking been fully paid for?—A. Yes, sir.

Q. Turn over to the book, and let us see the amount assumed to have been paid for those ships.—A. I should have to take the accounts to the present day.

Q. Was not the contract \$1,050,000 each?—A. Yes, sir.

Q. See if there is not \$100,000 more than that amount charged for each of those ships.—A. In order to ascertain that, you must send for another book-keeper.

Q. Do you not know that that is a fact?—A. I think that that is a fact; that there is \$100,000 charged on each of these steamers more than was ever paid to Roach for them.

Q. Why was that done?—A. You must ask the man who made the entry.

Q. Was it not a fraudulent entry?—A. Yes; I should think it was.

Q. It must have been done with the object of hiding up something?—A. I should say so.

Q. Do you know why?—A. I should think it was about \$200,000 which somebody was trying to get away with.

Q. You have been managing agent for some time, and I suppose you have been looking into the books?—A. It keeps me pretty busy to attend to the current business.

Q. Have you looked into the old business to a sufficient extent to be able to say what became of that \$200,000?—A. My impression is that it went to Lockwood & Co.

Q. Who are Lockwood & Co.?—A. Bankers. I do not know that it did, but I have an impression of that kind.

By Mr. KASSON :

Q. When you say that there appears to be \$100,000 extra charged on each of those ships, and when you speak of the entries relating to it,

are those, in your opinion, the entries which constitute this \$200,000 extra charge?—A. Yes, sir.

Q. So that what you have now stated in answer to Mr. Beck applies to those checks, in which we have found the entry charged on the cash-book, and no counter entry whatever?—A. That is my impression. I do not swear to it from positive knowledge.

Q. Is there any other entry of this amount unaccounted for on the books and applied to the steamers except these two?—A. Not to my knowledge.

Q. Now you say that you have an impression that it went to Lockwood & Co. Is there anything on the books which gives you that impression?—A. I cannot say that there is or that there is not.

Q. Have you found on the books any entry whatever relating to the exchange of checks with John Roach?—A. I have not examined.

Q. Do you know, otherwise than by personal examination, that there is any such entry?—A. I do not.

Q. And does it appear that the party benefited by the alleged fraudulent entry was an officer of the company?—A. Yes; that is my impression.

Q. Who was the officer who was benefited by that false entry?—A. I cannot say that any one was benefited by it. I did not keep the books at that time.

Q. I think you understand the point. There are certain facts in evidence here, on your own testimony and on the testimony of the books of the company. Do these facts bring you to any conclusion as to the party benefited by those fraudulent acts?—A. I have an opinion.

Q. There is a conclusion to be drawn from the facts to which you have testified, and I ask you if anybody was benefited by those fraudulent entries and by this exchange of checks, who was the person appearing to have been benefited by them.—A. It is very hard to tell, but my impression is that Mr. Stockwell made this exchange.

Q. An impression derived from the entries and from your knowledge as an officer of the company?—A. Yes; that is my impression.

Q. Now that you have expressed an impression that Lockwood & Co. got the subsequent benefit of it, I would like you to state on what that opinion is based.—A. I did not state that Lockwood & Co. got the benefit of it. I think I stated that Mr. Stockwell did.

Q. State once again distinctly what you do say about Lockwood & Co.—A. I have an impression that there was an exchange of checks for \$200,000 between John Roach and the Pacific Mail Steamship Company or A. B. Stockwell. There was something of that kind. My impression is that John Roach's check went to Lockwood & Co.

Q. Assuming, then, that it is in testimony that checks were actually exchanged for the amount of \$200,000 with an officer of the Pacific Mail Steamship Company, and assuming that what you testified to this morning is true, that there are entries on the cash-book of this \$200,000 charged against the Pacific Mail Steamship Company, now I ask you to state the reason for your further impression that Lockwood & Co. were in any way connected with that entry or the result from it.—A. Well, we get impressions about things which we do not know positively about, and it is pretty hard to go to work and tell the sources of one's impressions.

Q. But when you introduce the name of an additional house in New York, which it may be necessary for us to summon, we are entitled to know the grounds on which you suppose that those gentlemen are connected with the transaction. Let us know the reason why you connect

them with it.—A. I think your question is quite proper. Mr. Roach showed me a check which he had given to Mr. Stockwell in exchange, and it is my impression (but I am not certain about that either) that that check has got on it the initials of Lockwood & Co., and that it was deposited by Mr. Stockwell at Lockwood & Co.'s banking-house. That is the basis of any impression I have on the subject.

Q. Then your impression that Lockwood & Co. was connected with that matter is derived from an impression that there was on one of those checks the initials of Lockwood & Co., indicating that the check was deposited with Lockwood & Co. for Mr. Stockwell?—A. That is my impression.

Q. For the account of Stockwell, or for the account of Lockwood & Co.?—A. That I cannot tell.

By Mr. BECK:

Q. Has there not been a good deal of watering of the stock of the Pacific Mail Steamship Company from time to time for a number of years?—A. Not since I have had anything to do with it.

Q. What was the original stock of the company?—A. I cannot tell you.

Q. Was not application made to the legislature at Albany from time to time whereby the stock was watered from a few millions up to its present amount?—A. It appears to me that I have seen, in a copy of the by-laws or charter of the company, some amendment of the kind. The company commenced with one or two steamers, and it has now got thirty. The last impression I had about it is, that Mr. Stockwell went to Albany for the purpose of getting the privilege of taking half the water out—reducing the stock to \$10,000,000. That is all I know about the watering.

Q. Will your amended charters give us that information?—A. I suppose so.

Q. Will you furnish the committee with the original and amended charters of the company?—A. I will send for them.

By Mr. BURCHARD:

Q. State what charges there are on the cash-book under date of 4th September, 1872.—A. I find under that date the following charges:

Sale of 1,600 shares of Panama Railroad stock.....\$144,000

Profit and loss:

Gain, 1,600 shares of Panama Railroad stock..... \$56,000

Q. What do those two items amount to?—A. They amount to just \$200,000.

Q. If \$200,000 were charged to cash, under date September 4, for two checks of \$100,000 each, given by the company to John Roach, and if on the same day checks amounting to \$200,000 were returned to Mr. Roach, ought there not to be a corresponding charge for the return check?—A. To make the books balance that would be necessary, if there was no other charge against the cash for that day.

Q. State whether there are any other charges on that day.—A. I do not see any other charges than those two charges of \$144,000 and \$56,000.

Q. Do those charges indicate that \$200,000 was received by the company in cash at that time?—A. I do not think that they indicate anything of the sort.

Q. Explain what, in your opinion, those charges do indicate, and what

they mean.—A. I have not got much impression about it. This is the first time I ever saw those entries.

Q. You have given us some impressions, and we want you now to give us the facts on which those impressions rest.—A. You would want to look, perhaps, into the check-books of the Pacific Mail Steamship Company. I should say that those two entries of \$144,000 and \$56,000 might be fictitious. Still I cannot tell you that. Mr. Roundy or the gentleman who made the entries could tell you.

Q. There is nothing in those entries which would indicate to you that any cash was received?—A. The Panama Railroad stock may have produced cash.

Q. Read the journal entries in relation to cash paid out by the company on the 4th September.—A. [Reading,] John Roach, iron propeller No. 5, \$100,000; John Roach, iron propeller No. 6, \$100,000.

Q. On what date were those entries made?—A. They seem as a transaction of September 4.

Q. Those are the entries of the two \$100,000 checks given by the Pacific Mail Steamship Company to John Roach?—A. That is the way that the entries read.

Q. What are the corresponding credits? Are they not those two items of \$144,000 and \$56,000?—A. I suppose they are. They are of the same date. I do not see any other entries corresponding.

Q. Can you find the entry in the journal, under date of September 4, of the cash for those two items of \$144,000 and \$56,000?—A. I do not see anything that looks like it.

Q. Have you ever examined before whether there is such an entry?—A. No, sir.

By Mr. BECK:

Q. Is not this the fact, that the Tokio and Peking cost \$1,052,000 each?—A. Yes, sir.

Q. And that is all that was ever paid to John Roach for them?—A. Yes; that is my impression.

Q. And these two checks of \$100,000 each were so carried on the books of the company as to make it appear that the company paid John Roach \$1,152,000 for each of those ships?—A. Yes; that is my impression.

Q. And to the extent, therefore, of this \$200,000, those entries were fraudulent, and were made for the purpose of deception?—A. You have stated my ideas exactly; there is no question about that.

NEW YORK, *December 31, 1874.*

ALEXANDER MASTERTON sworn and examined.

By Mr. KASSON:

Question. What is your business?—Answer. I am a banker.

Q. What was your business in 1872?—A. I was a banker.

Q. Had you any connection with the Pacific Mail Steamship Company in any capacity, during the year 1872?—A. I was elected a director of the company in November, 1871.

Q. You went in with the Stockwell administration?—A. Yes, sir.

Q. And you continued to be a director how long?—A. Until April, 1873.

Q. You continued during the entire Stockwell administration?—A. No, sir, not the entire time. I went to Europe, and I gave Mr. Stockwell my resignation. I was not in till the end of his administration.

Q. Were you a director at the time that an effort was being made to procure an additional subsidy?—A. I was.

Q. Were you also a member of the executive committee?—A. I was.

Q. Were you at a meeting of the executive committee on February 14, 1872, when a resolution was adopted touching the proceedings at Washington?—A. Yes, sir.

Q. I read to you from page 66 of this testimony, the resolution adopted by the executive committee of the Pacific Mail Steamship Company on the 14th of February, 1872: "*Resolved*, That the president, in his discretion, is hereby authorized to employ counsel and incur such other necessary expense as may be necessary in connection with the measures for additional subsidy now pending before Congress." Who proposed that resolution?—A. I think it came from the president of the company, Mr. Stockwell.

Q. What reason did he give for directing the executive committee to adopt that resolution?—A. The fact that the enterprise of the Pacific Steamship Company needed an additional subsidy, and that means ought to be taken to procure it; and that there would be a certain amount of necessary expenses for attorneys' fees, gathering statistics, and presenting the matter personally before the members of Congress.

Q. I desire you to recollect, as nearly as you can, exactly what was said. Is that as near as you can recollect, the reason Mr. Stockwell gave?—A. Yes, sir; that is as near as I can recollect.

Q. Did he give an estimate of the amount that would be required under that resolution?—A. I cannot recollect that he gave an estimate.

Q. Did he name any limit as far as you can recollect?—A. No, sir. My impression was that the amount of money required would be small as compared with the magnitude of the undertaking.

Q. How much would be comparatively small?—A. Including attorneys' fees, I should think \$15,000 would be enough.

Q. Can you state from your recollection what impression prevailed in the executive committee, derived from the statement made at that time as to the amount of money which you were authorizing Mr. Stockwell to spend? That is the essential point, and I wish you to state it carefully.—A. I should think that an amount of \$15,000 or \$20,000 would be the utmost required.

Q. You do not recollect that the president named any sum?—A. No, sir; I do not.

Q. Who was present at that meeting of the executive committee?—A. My impression is that it was a full meeting of the board. I think that Mr. Stockwell was present, and Mr. Baxter, and Mr. Smith, and myself. I do not know whether Mr. Lockwood was there or not, or whether he was a member of the committee or not at that time.

Q. Do you now recall any question put to Mr. Stockwell by any member of the committee as to his object in proposing the resolution?—A. I think the conversation was generally in reference to the importance of the measure, and that no definite amount was stated. But the impression on my mind was that \$15,000 would cover it. I cannot say that Mr. Stockwell mentioned any specific sum.

Q. Were you present at the meeting of the board of directors when that minute was presented for approval?—A. I think I was.

Q. State whether Mr. Stockwell was present then, and whether he made any statement to the board of directors.—A. I think that Mr. Stockwell was present.

Q. What statement was made on the subject at that meeting of the board?—A. The statement was as to the importance of obtaining the

subsidy, and that the executive committee had passed a resolution in reference to it.

Q. Was the statement as to the subsidy the same as that that was made to the executive committee?—A. Yes, sir; substantially the same.

Q. And no further information was given to the board of directors respecting the amount required?—A. No, sir.

Q. During your connection with the company, was any report made as to the amount expended by Mr. Stockwell under that resolution?—A. No, sir.

Q. Did you ever know the amount expended for obtaining the subsidy?—A. Only from hearsay.

Q. You never knew of any report being made by Mr. Stockwell on that subject?—A. No report on that subject was presented to the board of directors.

Q. Or to the executive committee?—A. No, sir.

Q. Or to the auditing committee?—A. Not that I know of.

Q. Or to any officer of the board?—A. Not to my knowledge.

Q. Was any statement made as to the amount which the company was obliged to pay, or was liable to pay?—A. No, sir; no official statement.

Q. Was there a personal statement made to you by Stockwell on that point?—A. No, sir.

Q. Do you know Mr. Irwin?—A. I have seen him. I know that he was connected with the company as agent, and I think that he was once introduced to me.

Q. Did he ever make the statement to you, during your connection with the company, as to what it was costing to get the subsidy?—A. No, sir.

Q. Neither from him nor from Mr. Stockwell did you learn the amount which the company was liable to pay, or which it did pay?—A. No, sir.

Q. Do you know anything in reference to the disbursement made in connection with the subsidy that year in Washington?—A. I do not.

By Mr. BECK:

Q. What is the duty of the executive committee?—A. The duty of the executive committee is to receive reports as to the general business of the company, and to take action for any necessary expenses incurred in the sailing of the ships or otherwise.

Q. How often were the reports of the general expenses of the company made to the executive committee?—A. Once in three months.

Q. Then all the entries that appeared on the books of the company were at least once in three months known to the executive committee?—

A. They were presented in form as a balance-sheet to the committee. I may qualify it by saying that it might have been presented to the board of directors.

Q. The books of the company, as shown to us yesterday, explained this state of facts: that there was paid to Mr. Irwin on the 27th of January, 1872, \$25,000; on the 26th of February, \$40,000; on the 19th of April, \$35,000; on the 10th of May, \$20,000; on the 11th of May, \$20,000—making in all \$140,000. Why did not the executive committee inquire for what purpose these large sums were paid?—A. Irwin and Eldridge were the San Francisco agents of the company, and when accounts were read off as a debit to Irwin and Eldridge of \$100,000 or \$150,000, there was nothing extraordinary in that, because they were disbursing large sums of money in payment for the fitting up of vessels that were broken

down on the Pacific side, and it would not excite surprise at all that Irwin and Eldridge would be debited \$250,000.

Q. But you knew that Mr. Irwin was here from the early part of January, 1872, till the following May, working on this subsidy business, and the payment to him of these sums would naturally attract some attention. Were there not any inquiries as to why they were not paid?—A. I do not recollect any inquiries being made. His partner was in San Francisco at the time.

Q. There is a large entry of \$750,000 paid to him on the 24th of May; was no inquiry made into that by the executive committee? That was certainly an extraordinary amount.—A. I have no recollection of that entry being read off.

Q. Mr. Stockwell remained in office till April, 1873, when you went out?—A. Yes.

Q. From November, 1871, till the early part of 1873 you were not only a director of the company, but a member of the executive committee?—A. I was.

Q. And during all that time the accounts of the company were made to your board every three months?—A. Yes, sir.

Q. And no inquiries were made, so far as you are aware, of that extraordinary amount that was paid out?—A. No, sir.

Q. Not even of that \$750,000?—A. No, sir. The auditing committee was appointed to examine accounts, and it was not expected that the executive committee should go behind the examination of accounts that was made by the auditing committee.

Q. Who constituted the auditing committee?—A. I think Mr. Osborne was one, Mr. Henry Clews another, and there was another member whom I cannot call to mind.

Q. Was he one of the officers of the company?—A. No, sir; I think that no officer of the company was on the auditing committee. He was a member of the board of directors, but not one of the officers of the company.

Q. Did that auditing committee report all those things to your executive committee, as being correct?—A. They brought them before the board of directors.

Q. Was any explanation made by that auditing committee that you remember, so as to call the attention of the executive committee of the board to these large items?—A. No, sir; I think not.

Q. In the light of things as they now appear, does it not seem a little remarkable that these things could have gone on in that way?—A. Yes; I thought I knew something of it before, but I know more about it now than I did then.

Q. And the fact is that you did not know anything about it at that time?—A. No, sir.

Q. Do you recollect whether this \$750,000 item of the 24th of May was ever brought to your attention as an officer of the company in any form?—A. I do not recollect ever having heard of it.

Q. Do you recollect any report on it, or any reference to it, by the auditing committee?—A. No, sir; I do not.

By Mr. NIBLACK:

Q. You speak of not knowing anything of these expenditures except from hearsay. Do you mean by that that you learned of it from some persons connected with the company?—A. No, sir; I think I heard it first on the street.

Q. You mean by the street, common talk?—A. Yes.

Q. Your attention was never directed to those extraordinary expenditures in any way while you were connected with the company as director?—A. No, sir.

NEW YORK, *December 31, 1874.*

CHARLES J. OSBORNE sworn and examined.

By Mr. KASSON:

Question. State what connection you have had with the Pacific Mail Steamship Company, and covering what period of time.—Answer. I have been a director in the company since 1871, with the exception of one year. I was a director for about seven or eight months the first time, and then for the two succeeding years.

Q. Did you go in with the Stockwell board?—A. I did.

Q. And continued how long then?—A. I think about seven or eight months.

Q. Were you a member of the executive committee at the time?—A. I do not remember, but I think I was.

Q. Were you a member of the executive committee on the 14th of February, 1872?—A. I think I was.

Q. Do you recollect the presentation to that committee of a resolution authorizing the president of the company to employ counsel, &c., in connection with obtaining the additional subsidy?—A. I was not at that meeting.

Q. Did the president of the company state to you, either as a member of the executive committee or as a member of the board of directors, what he desired that authority for?—A. No, sir.

Q. Were you present at the meeting of the board of directors when a minute of that resolution was presented?—A. No, sir.

Q. You heard no statement made by Mr. Stockwell as to the object of obtaining that authority?—A. No, sir. He and I were bad friends at the time and hardly spoke to each other.

Q. You had no knowledge of the employment of Mr. Irwin as agent at Washington?—A. No, sir; not until some time later.

Q. Did you become aware of the fact after or before the subsidy was obtained?—A. I really do not recollect; but I think it was after.

Q. Did you know, prior to June, 1872, what was going on at Washington, from statements made to you by any officer or agent of the company?—A. No, sir; I merely knew that they were trying to get a subsidy. I did not know what means they were using or who were their agents.

Q. State whether you became acquainted with the means that were being used in connection with obtaining the subsidy during the first half year of 1872?—A. I had no knowledge whatever of it. Mr. Stockwell was rather an autocrat in his position, and I think that very few of the directors knew much about it.

Q. Had he authority to issue checks of the company whenever he pleased?—A. He had.

Q. Did you, as a member of the auditing committee, or in any other capacity, examine any of the books—the check-book or the cash-book, or journal of the company?—A. No, sir; that would have been rather “love’s labor lost.” I do not think that any man could find out much about them.

Q. You did not take the trouble to find out?—A. Yes, I did; and that was the reason why Mr. Stockwell and I were bad friends. I did not propose to be a dummy in the board of directors, and Mr. Stockwell did not like that.

Q. State what efforts you made to find out, and how you were balked.—A. I asked various questions of Mr. Stockwell, which he seemed not to think worth while to answer, always telling me that he was the principal stockholder; in fact that he was the Pacific Mail Steamship Company himself; and as I knew him to be an enormous stockholder myself, I hardly thought it my place to force an issue with him, but I did not care to be on the board of directors, and to give my vote to any of his measures. Consequently, I never went near him, and therefore knew very little about the business.

Q. Then Mr. Stockwell was in the habit of carrying affairs in the board of directors with unusual exclusiveness?—A. Entirely so. He asked no one any questions, but went in on his own hand. He had enough directors in the board to carry his measures just as he wanted, and it made very little matter with him what those directors, who did care anything about the company, said or did. He appeared to have full swing and full sway in every particular.

Q. None of the disbursements about the subsidy at Washington fell under your observation at any time?—A. None at all. If there was any, I knew nothing about it.

Q. And you have no knowledge whatever, and had none at the time, of the amount of money disbursed at Washington by Mr. Irwin?—A. I had no knowledge of it whatever.

Q. Mr. Stockwell was a very large operator in the stock of the company?—A. Enormously large.

Q. Have you any means of knowing the amount of his losses in that stock during the year 1872?—A. At one time he was an enormous gainer, and in the latter part of the year he was a very heavy loser.

By Mr. BECK:

Q. You have referred to the unlimited authority of Mr. Stockwell. Was this authority conferred on him by the by-laws or the constitution of the company, or was it an assumed authority?—A. It was rather an assumed authority. He had enough power in the board to carry anything he wished to carry.

Q. When you speak of his power, you mean he had enough directors in his interest?—A. That is just what I mean.

Q. And you not being in that interest quit the board at the next election, in May?—A. I did; I refused to have my name in.

Q. That board of directors, if it had seen fit, had legal authority, of course, to limit the control of the president?—A. I scarcely think it had even legal authority to do so.

Q. Did not either the constitution or by-laws of the company put any limit on his power to issue checks?—A. Not if the executive committee and the majority of the directors saw fit to let him do it.

Q. The constitution and the by-laws of the company gave them power to put a limit on his power, of course?—A. They did.

Q. It was only because he had men of his own in the board of directors that he was able to have autocratic authority?—A. Yes. For some time previous to that resolution and until we had an election, I never was at a meeting of the board.

Q. Then there seems to be no safe way to manage the affairs of a corporation, when a few of its leading officers control the stock so as to vote their own directors in?—A. No, sir.

Q. That proved to be the experience of the Pacific Mail Steamship Company, at least?—A. It did, sadly so.

Q. So that money, whether furnished by private subscription or by

the Government, is at the mercy of a few men who control the affairs of the company?—A. Those who had the controlling interest in the stock could have the control of the company, and in that case Mr. Stockwell had it.

By Mr. NIBLACK:

Q. Was Mr. Stockwell's control of that company more autocratic and arbitrary than is usually the control of presidents of great companies?—

A. More so than any I ever heard of.

Q. Greater than that exercised by his predecessors and successors?—

A. Very much greater.

NEW YORK, *December 31, 1874.*

H. H. BAXTER sworn and examined.

By Mr. NIBLACK:

Question. Are you connected with the Pacific Mail Steamship Company in any capacity at present?—Answer. I am not.

Q. Were you formerly?—A. I was elected director in November, 1871, and was re-elected in the May following, and I resigned during the summer of 1872.

Q. Were you a member of the executive committee?—A. I was not.

Q. Do you recollect being present at a meeting of the board of directors, at which the action of the executive committee authorizing Mr. Stockwell to employ counsel to assist in obtaining a subsidy through Congress was presented, and approved by the board of directors?—A. I was at that meeting.

Q. Do you recollect any statement of Mr. Stockwell's, or of any other person, as to what sum of money would be probably needed or expended under that resolution?—A. I think when the action of the executive committee came up for confirmation, that Mr. Stockwell casually said he thought it would cost the company five or six or seven thousand dollars, perhaps.

Q. That statement, I suppose, was made as a part of the proceedings of the board at which the action of the executive committee was confirmed?—A. The action of the executive committee was confirmed by the board of directors at that meeting. At that time inquiry was made as to the probable cost, and, if I understood the president correctly, he said the cost would be somewhere between five and seven thousand dollars.

Q. Was anything said as to who would probably be employed under that resolution?—A. No, sir.

Q. Had you any information afterward as to who was employed?—

A. Only by street report. I never saw Mr. Irwin.

Q. Had you any such information from Mr. Stockwell himself?—A. No, sir.

Q. While you remained a director of the company, did you receive any information as to the sums of money that were being expended for the procurement of the subsidy?—A. No, sir.

Q. Were you consulted as a director, or was the matter of the expenditure of money for that purpose brought to your attention in any way afterward during your connection with the company?—A. No, sir; it was not.

By Mr. BECK:

Q. Was Mr. Stockwell speculating largely in the stock of the company during the time that you were a director?—A. I think he was.

Q. Were members of the board of directors also speculating in that stock?—A. I do not know. They may have done so, probably, more or less.

Q. Were you?—A. Yes; I bought and sold the stock of the company while I was a director, and before and since.

Q. Were other members of the board of directors speculating in the stock, to your knowledge, at that time?—A. I cannot say of my own knowledge.

Q. Do you know it from conversation with them?—A. My impression is that they were speculating in it more or less. I cannot say what individual members of the board were doing so.

Q. During the time you were a director, you and others of the directors, as well as the president of the company, were speculating in the stock of the company?—A. Yes.

Q. Were the accounts of the disbursements of the company laid before the board of directors every two or three months?—A. Yes, sir; they were laid before the executive committee, and the report of the executive committee was presented to the board of directors once a month for inspection and confirmation.

Q. So that all the moneys that were paid out, and that so appeared on the books of the company, were subject to your inspection?—A. Not in detail.

Q. Large sums of money were paid to Mr. Irwin from the 25th of January to the 15th or 20th of May, amounting to about \$140,000. Did you make any inquiry as to why that money was paid to him?—A. I would like to state to the committee what came before the board. The statement presented to the board of directors and to the executive committee is a statement of the condition of the company, and in it would be set forth, for instance, the amount of money in the hands of the various agents of the company, so much money in the hands of Mr. Irwin as the San Francisco agent, and so much in the hands of other agents of the company in China and elsewhere.

Q. During the time that Mr. Irwin was in Washington attending to this subsidy, from January until May, 1872, the books of the company show that there was \$140,000 placed in his hands. Were his accounts of the expenditure of that money laid before you?—A. No, sir.

Q. Why not?—A. I do not know that the board was aware of his expending any money.

Q. Your own books show \$25,000 given to him in January, \$40,000 in February, \$50,000 in the early part of May, and so on.—A. The figures which would come to the executive committee and to the board of directors would be, as I have stated, the amount of money in the hands of the San Francisco agency, so that, in getting this statement, the board did not go into an examination of the books of the company to find out as to the correctness of it. The board took the statement presented to it as a true statement of the condition of the company.

Q. Then, on the 24th of May, a large item of \$750,000 appears. Would not that attract attention or cause inquiry?—A. Yes, I think it would.

Q. Did it do so?—A. I do not recollect what was said at that meeting. If it was a directors' meeting, the directors saw this statement, presenting to them the condition of the company's affair. I do not know that any board of directors ever went into an examination of the books of the company. It would be almost impossible to do so at their meetings.

Q. It turns out, by examination of the books here, that \$750,000 in

one item, as well as \$140,000, from January till May, was put into the hands of Mr. Irwin, and was all spent on this subsidy. Would that have been a fact which would have attracted the attention of the board, or which an examination could have developed?—A. As a member of the board, I was not aware that any money was being expended for subsidy. No such statement was made before the board of directors.

Q. If the true condition of the company, as you know it now, with all these false entries in the books, with this \$200,000 charged to steamships falsely, and with \$750,000 spent on the subsidy, and with other false entries, had been known to the public at that time, would it not have affected the price of the stock materially?—A. I think it would have, materially.

Q. Therefore the president and the board of directors, who were speculating in the stock, would not have been likely to have developed to the world the frauds that were being committed?—A. That would depend on whether they were long or short of the stock. If they were short of the stock, they would be very likely to have made known these facts, and if they had been long of the stock, they would not have been likely to do so.

Q. But they were the men to know the truth, and to gamble in the stock accordingly as the truth would affect their own interest?—A. Yes, sir.

Q. And you know that the president, yourself, and other directors were so speculating in the stock with that sort of power in your hands over and above what other persons had in speculation?—A. I do not understand your question.

Q. You were speculating in the stock of the company?—A. I cannot say whether I had any interest in it one way or another, at the particular time you mention. I have at different times, both while I was director and previous to my being a director, and since, owned Pacific Mail stock and sold it.

Q. Now you know that great frauds were perpetrated and false entries made on the books?—A. I understand so from this investigation.

Q. And that fact was certainly known to officers of the company, if not to you?—A. It must have been known to the president of the company.

Q. And the true state of facts, if developed to the world, would have materially affected the price of the stock?—A. Yes, sir.

Q. Is it, however, considered a legitimate thing for men high in position in corporations of that sort to be so speculating, while there are fraudulent entries made in the books of the company to conceal the truth; is that considered legitimate?—A. No, sir; not by any means.

Q. Do you recollect who the members of the executive committee were?—A. I do not recollect now.

Q. How many men composed that committee?—A. Five, I think.

Q. These were gentlemen with whom you were associated for nearly a year, only three years ago. I suppose you remember some of them?—

A. I cannot tell, without refreshing my memory, who the members of the executive committee were. The executive committee was changed once in six months, under the by-laws. They were appointed by the president, if I remember right, once in six months.

Q. Had you not by-laws which limited the authority of the president in the issuing of checks?—A. By our by-laws the president and executive committee have the general management of the business.

Q. The executive committee, however, had to sanction the president's

acts?—A. The executive committee reported its doings to the board of directors, who met once a month for confirmation.

Q. Do you remember whether the executive committee reported to the board of directors the fact that on the 24th of May, 1872, the president had given his own checks to Mr. Irwin for \$750,000?—A. I know it did not.

Q. Ought not that fact have been reported to the board of directors?—A. I think it ought.

Q. That executive committee ought to have known the fact as well as the president?—A. Yes.

Q. If the executive committee did know it, it never reported the fact to the board of directors?—A. No, sir; it did not.

By Mr. KASSON :

Q. If it had been the object of some people to speculate successfully in the stock of the company, in connection with the anticipated subsidy, and if to do that false entries were necessary, was there any officer of the company, during your connection with it, who had put himself in the best position to operate in the stock successfully?—A. I do not know of any.

Q. Who appeared to have the most knowledge of its actual condition, and of its disbursements and liabilities, during the first part of the year 1872? Who was in position to know most about it?—A. Mr. Stockwell was, decidedly.

Q. Had he the power, as president, to exchange checks, or to make loans to any amount, without the sanction of the executive committee?—A. There was a resolution on the books of the company, I think introduced by myself, that no loan of any checks of the company should be made on anything but securities which had a market value in the street, and at no less than 20 per cent. margin for the loan.

Q. That referred to the security; my question related to the amount. Had the president authority to fill a check from the company's funds to any amount on loans? Was there any limitation in the by-laws to that power?—A. I do not know that there is.

Q. He had that power, then. Did that differ from the power that he had in making regular disbursements for the company?—A. No, sir; he had general authority.

Q. Was there not a limit by the by-laws to the amount which he was authorized to pay, without the sanction of the executive committee?—A. I think there is. I think the limit is \$5,000.

Q. So that in making actual payment he had no authority, without the sanction of the executive committee, to make a payment exceeding \$5,000?—A. He had not, unless he exceeded his authority.

Q. If he wanted to pay out a larger sum of money than \$5,000, it would require some such resolution as that of the 14th of February to give him authority?—A. Yes.

Q. Without such resolution he had no such authority?—A. I think not.

Q. But if he wanted to cover up checks by charging them to loan-account, there was no limit to his authority, and no need to get authority from the executive committee or board of directors?—A. No, sir.

NEW YORK, *December 31, 1874.*

JOHN ELLIOT sworn and examined.

By Mr. BURCHARD :

Question. State your business.—Answer. I am a member of the house

of Riggs & Company. That house does business in Washington and New York.

Q. Look at the certified check drawn by the Brooklyn Trust Company on the Marine National Bank of New York, dated May 30, 1872, for \$50,000, payable to the order of J. G. Schumaker, and state what indorsements are on it.—A. The only indorsement I recognize is the indorsement of Riggs & Company. It is indorsed by J. G. Schumaker, and then made payable to the order of Riggs & Company. This is the indorsement of Riggs & Company, made by me.

Q. How was that check received by the New York house?—A. It was sent to me from the house in Washington, in a letter.

Q. Produce the letter and read it to the committee.—A. [Producing the letter.] The letter is dated Washington, May 31, 1872, and, in addition to other inclosures named in it, says, "We inclose check of the Brooklyn Trust Company on the Marine National Bank for \$50,000; present early and telegraph result." The letter is signed by Riggs & Company. It is signed by my partner, Mr. A. T. Keickhoefer.

Q. Whose writing is that over the name of J. G. Schumaker?—A. That is Mr. Keickhoefer's writing. It is "pay Riggs & Company or order."

Q. I suppose that is all the information you have about it?—A. Yes, sir; the check came to me in the regular remittances from the house in Washington.

By Mr. NIBLACK:

Q. I suppose that the proceeds of the check were put to the credit of Mr. Schumaker by Riggs & Company in Washington?—A. I cannot tell.

Q. Would that be the natural course?—A. It might not be. They might have cashed the check. The transaction occurred in Washington, and belongs to the Washington house.

NEW YORK, *December 31, 1874.*

DUMONT CLARKE recalled.

By Mr. BURCHARD:

Question. We desired you to make further examination in reference to the account of Richard B. Irwin with the American Exchange National Bank. State what further examinations you have made, if any, and what information you can give to the committee.—Answer. We had a man working on it until late last night, but he was unable to find either of the two checks; either the \$19,000 or the \$22,000 check. We have been unable to find the slips of those days. There was a party who represented Mr. Irwin during these transactions by the name of Charles Abert. He represented Mr. Irwin frequently in the management of his business.

Q. Did he come to your bank at that time?—A. Yes, and we had communications from him, simply letters directing us to make up the account, or to send it to him, or something of the sort.

Q. Do you know where he is now?—A. I do not.

Q. Where were these letters from?—A. I think from Washington. If I remember right there was one of these letters somewhere about the 1st of May requesting Mr. Irwin's account to be sent to him. It was signed Richard B. Irwin, by Charles Abert.

Q. Can you give us any other information relating to the check of

\$125,000 against Mr. Irwin's account?—A. No, sir. These checks were unquestionably paid to Mr. Irwin, or to somebody whom he brought or he introduced. I am satisfied that whoever they were paid to was identified by Mr. Irwin in person.

Q. Are you confident that these checks were paid either to Mr. Irwin himself or to somebody who came to the bank with him?—A. It is not unlikely that they were paid to somebody he brought with him. At all events, they were identified by Mr. Irwin. We do not go beyond that fact.

Q. If a check for \$125,000 was presented, payable to bearer, or indorsed to bearer, would you not have paid it?—A. No, sir. We should have used the same precaution that we did with the others, but being presented as they were unquestionably by Mr. Irwin, we did not go beyond that.

Q. If these checks were held by a party whom you knew, would you not have paid them?—A. Yes, but I think we would have recalled that fact.

Q. You think that they were paid over the counter, by one of the paying-tellers?—A. Yes; it is possible that Mr. Irwin might have presented them at the office, as the teller would have probably refused to pay him, and would have referred him to us. The teller does not know Mr. Irwin.

Q. But if the teller had known the person who presented the check, he would not have refused to pay it?—A. I do not know that he would, although he is a very timid man, and he might hesitate before paying such a large sum of money.

Q. Does he state that he does not know Mr. Irwin?—A. Yes; he told me that he does not know Mr. Irwin.

Q. Orders were given by Mr. Coe to watch the checks of \$275,000 and \$115,000, which were drawn by Mr. Irwin. Would not that have called the attention of the paying-teller to every check that was presented of a large amount, signed by Mr. Irwin?—A. No, sir, not necessarily. When he certified a check, that was the end of his duty. A certified check that comes in through the exchanges is attended to by another man. The \$275,000 check was a certified check.

Q. What is the paying-teller's name?—A. T. W. Pinckney.

Q. Were both of these checks for \$125,000 and \$100,000 paid by him?—A. He has not the slightest recollection of it. It is only an inference that these checks, if they were paid by him, were paid by our distinct instructions, or else the money was brought up to our room and paid there.

Q. Would your books contain any memoranda as to the size of bills paid out over the counter, by which you can tell us whether those checks were paid out in thousand-dollar bills or hundred-dollar bills? If a large number of thousand-dollar bills were paid out on that day, would your books contain any indication of it?—A. I think that we might be able to trace that.

Q. Cannot the teller, by examining his memorandum, ascertain it?—A. I think that we keep a record, in a measure, of the description of the cash on hand, so much in thousand-dollar bills, so much in hundred-dollar bills, &c. It is an approximation. Nothing exact.

Q. We should like to know if a large number of thousand-dollar bills were paid out by your bank on the 27th of May.—A. I will try to furnish you with that information.

Mr. BECK. We understand that Mr. Irwin claims that he did not

draw any of that money himself, and that he left New York City at noon on the 27th of May.

WITNESS. Has Mr. Irwin been questioned as to whether he came to the bank with any parties?

Mr. BECK. He does not tell us much, but we have heard that much. It is because we have evidence that he left New York at noon on the 27th of May, and drew none of that money himself, that we are now asking you to be a little more particular. I think you told us the other day that your books show that this money was drawn out after 12 o'clock on that day.

WITNESS. No, sir; I think we gave you no such information. It is utterly impossible for us to tell at what hour of the day a check was paid over the counter, unless we remembered it particularly. Our paying-teller puts his checks on a spindle and at 2 o'clock in the day these checks are taken off the spindle, and are assorted for the different ledgers and entered up.

Mr. BURCHARD. Mr. Coe stated in his testimony that on the 27th of May, \$325,000 was drawn out of the American Exchange National Bank, by three checks; one for \$125,000, and two for \$100,000 each. We find that this money was drawn over the counter, and paid in cash, but to whom we have no positive means of determining. They were paid in the afternoon, after the clearing-house operations.

WITNESS. That would bear a little explanation. Our clearing-house checks are first posted up in the ledgers, and the checks that are paid over the counter are never posted up till the afternoon.

By Mr. BECK:

Q. Would that fact show that this money was paid after clearing-house hours?—A. No, sir. It might have been paid at five minutes past ten in the morning, and yet that would not be charged up until after two o'clock. After the clearing-house they are all charged and provided. We then charge the checks that are paid over the counter in our own bank.

Q. You take a cash-balance every night?—A. Yes.

Q. Would not the cash-balance on hand at the closing of business on the 26th and the cash-balance on hand on the closing of business on the 27th show just how much cash you had paid over the counter during the business hours of the 27th?—A. Exactly.

Q. Then could you not ascertain to a certainty by the cash-balance of the 26th and 27th whether these sums were paid out in cash or were paid out in checks?—A. I am positive that they were paid out in money. We never pay out in checks.

Q. You paid Mr. Whiting in a check?—A. That was a certificate of deposit.

Q. Are you certain from the examination you made that you did not issue certificates of deposit in part payment of those two checks?—A. Yes, sir. The money was absolutely paid on them. There is no question whatever about that. These three checks, for \$125,000, for \$100,000, and for \$11,500, were absolutely paid in money.

Q. The account of Mr. Irwin was balanced on the 27th of May, ten vouchers returned, and the balance, \$389,000, carried forward. Would you have delivered his book and vouchers to anybody but himself?—A. Not without written instructions; but we might have had instructions to do so. In looking over his communications, I find a letter asking us to forward his statement to San Francisco. The date of that communication I cannot positively state, but I know that there was a letter

directed to him at San Francisco. This letter of his was written from Philadelphia. He directed us to send his account to San Francisco.

Q. I observe again that he had another balance made out on the 29th of May, and that four vouchers were then returned?—A. Yes.

Q. If that balance was struck, and those vouchers, ten on the 27th and four on the 29th, were returned to any person other than himself, it must have been, under your rule of doing business, on his written order?—A. Yes, sir.

Q. Not a verbal order?—A. No, sir; a written order.

Q. Be kind enough to examine and see if you have a written order of Mr. Irwin's to deliver his book and vouchers to another person but himself, either on the 27th or 29th of May?—A. I will do so.

NEW YORK, *December 31, 1874.*

FRANCIS R. BABY sworn and examined.

By Mr. BURCHARD :

Q. State your residence and place of occupation.—A. I am residing in New York City at present. I am not doing any business at present.

Q. Have you been an agent of the Pacific Mail Steamship Company?—A. I have been.

Q. During what period?—A. I was an agent of the company, in New York, from 1867 up to the 1st of July, 1873. I had been in the employ of the company for twenty-two years at that time.

Q. Do you know anything relating to the procuring of the additional subsidy for the Pacific Mail Steamship Company in 1872?—A. Nothing more than the general public knowledge through the papers and through common rumor. My business was not of that character at all. I was an agent of the company simply in managing the ships.

Q. State whether you have personal knowledge of the expenditure of money for that purpose?—A. Not a dollar.

Q. Did you use any money for that purpose in the year 1872?—A. The company paid my fare to Washington in 1870, in order that I might use my personal influence with some friends from California to support this subsidy. That was during Mr. McLane's administration.

Q. Do you know anything in reference to the expenditure of money for the purpose, in the year 1872?—A. No, sir; nothing whatever.

Q. Where were you at the time?—A. Here in New York. I made a voyage to Europe for the purpose of looking at the iron ships building there, under Mr. McLane's administration and under Mr. Stockwell's. I returned in the spring of 1872 with estimates, specifications, &c., for building iron ships.

Q. Did you go to Washington then?—A. No, sir. I never was in Washington but once.

Q. Do you know anything in reference to that exchange of checks?—A. Except from rumor. I do not know of my own personal knowledge. I have been told that an exchange of checks was made.

Q. Your name was given to the committee as that of a witness who might know something in regard to it.—A. I heard of it simply from an employé of the company. That is all the information that I had.

By Mr. BECK :

Q. Did you not know that there was the large amount of \$200,000 floating about loosely for a good while, and that it was frequently the subject of conversation as to where that could be charged up so as to dispose of it?—A. It was a common subject of conversation at the time I speak of among the various employés of the company. It was talked

of that that sum was floating about, and that they did not know where to charge it.

Q. Was there not a suggestion made to charge it to you?—A. Yes; but whether it was *bona fide* or not I do not know. It was said that they would put some of it on me.

Q. From whom did that information come?—A. I think from Mr. Phelps, who was then in the employ of the company. I told him that I could not carry such a load as that. My accounts were squared up every night.

Q. Was it not ascertained afterward that that \$200,000 found its way, as an additional charge, to the Tokio and Peking?—A. I believe so. There has been always a good deal of trouble in getting up the reports of the company. There has been for a number of years. Mr. Stockwell wanted to show the best hand he could, I suppose.

Q. The best hand he showed, the higher the price of the stock was?—A. Yes. He did succeed in getting the stock up to a very high figure.

Q. When, perhaps, if the true facts had been known, it would not have gone up so high?—A. I do not think there was any reason for its going up as high as it did.

Q. But you do not know how that \$200,000 got lodged finally?—A. No, sir; I do not.

By Mr. NIBLACK:

Q. How much did Mr. Phelps want to charge to your agency?—A. I think the whole \$200,000, but whether he said that jestingly or not, I do not know. He was speaking of the forthcoming report, and of charging up this thing to the ships.

Q. What was his official connection with the company at the time?—A. He had been a second vice-president, and agent of the company in China, and had been on here at that time for several months, and it was generally understood that he was going out of the company.

Q. Was he understood to be acting in Mr. Stockwell's interest?—A. In getting up this report I understood that Mr. Stockwell had given him access to the company's books, and that he was in communication with the clerks and other employes for the purpose of making up a sort of annual report. That was a short time before Mr. Stockwell went out.

Q. And you declined to have that amount charged to your agency?—A. Yes; I declined having it charged to my agency.

NEW YORK, December 31, 1874.

CYRUS H. TAYLOR sworn and examined.

By Mr. BURCHARD:

Q. State your position.—A. I am note-teller of the Central National Bank.

Q. Did your bank, on or about the 27th of May, 1872, receive a check for about \$4,000, drawn on the American Exchange National Bank?—

A. Our books show that a check for that amount was deposited.

Q. State from whom that check was received.—A. It is impossible for us to tell.

Q. Was it received from Washington?—A. It was not.

NEW YORK, December 31, 1874.

EUGENE KELLY sworn and examined.

By Mr. KASSON:

Q. State your residence and occupation.—A. I reside at 43 West Fifty-first street, New York. I am in the banking business.

Q. Are you a member of the firm of Eugene Kelly & Co.?—A. I am.

Q. Where is your place of business?—A. At 45 Exchange Place.

Q. Have you also a banking-house at San Francisco?—A. Yes, sir.

Q. Are both houses conducted under the same style?—A. No, sir; the firm is Daniel Kelly & Co., of San Francisco, and Eugene Kelly & Co., of New York.

Q. Be good enough to look at this certificate of deposit for \$56,500, dated 30th of May, 1872, drawn to the order of A. H. Whiting, and indorsed by your firm, and state what you know of that check, and to whose credit it was passed.—A. When I got the dispatch to come here to-day, I looked over the ledger, and I find a credit to A. H. Whiting to that amount.

Q. Where did he then reside?—A. I really do not know. He was in New York occasionally, and I believe in Washington occasionally.

Q. Did you then know where his residence was?—A. I did not.

Q. How did you communicate with him at that time?—A. I think he came to the office.

Q. Had he an account in your bank at that time?—A. He had, and for a long time before. He is doing business now in Arizona, and is in connection with gentlemen in San Francisco, and through our house there he got acquainted with us here, and kept an account with us.

Q. While he was keeping an account, you know where you corresponded with him.—A. I do not remember anything of that sort.

Q. Can you tell by the indorsement on that check whether it passed through your house, or the house in San Francisco?—A. I do not think it passed through the house in San Francisco.

Q. Observe its date, and that it appears not to have been paid for some weeks afterward, and state in that connection whether you now remember distinctly that Mr. Whiting put it in your bank himself.—A. It is impossible for me to remember that.

Q. Can you state now, after examining it, that it did not pass through the San Francisco house?—A. I cannot tell. All that I know is, that it was placed in our house for collection, and that we received the money, and that the amount was placed to his credit on our books.

Q. When did you receive the amount upon it?—A. I have got the whole statement here. It was put to his credit on the 2d of July, 1872.

Q. And that is the date on which you received it, or collected it?—A. That is the date on which it is placed to his credit on our books. It was collected on the same day.

Q. When did you last see Mr. Whiting?—A. I do not remember seeing him for some time—not for a month or six weeks.

Q. You have seen him this fall or winter?—A. Yes; he came into our office. I really do not recollect when I last saw him; perhaps within two months.

Q. Do you know where he is now residing?—A. I do not. I have heard of him, but I do not know where he resides. It is somewhere in Connecticut, I think.

Q. Do you know, or have you information, as to where he resided in the summer of 1872?—A. No, sir.

Q. You usually know the residence of your depositors who have sums of that amount to their credit on your books?—A. No, sir. Mr. Whiting is a gentleman who has been here occasionally, and who is doing business in San Francisco. I never did know where his residence was.

Q. Do you understand that he is still doing business in San Francisco?—A. I do not think he is.

By Mr. BECK:

Q. Did he give you the name of the San Francisco gentleman with whom he was doing business?—A. I think the firm was Hooper, Whiting & Co., of San Francisco. I presume it was so in 1872.

Q. But this entry was not to the credit of the firm on your books, but to the credit of Mr. Whiting individually?—A. Of Mr. Whiting individually.

Q. Have you a memorandum of your account with him at that time?—A. Yes, sir, [handing it to the committee.]

Q. Is this a correct transcription of the account of A. H. Whiting with Eugene Kelly & Co., from July 3, 1872, to January, 1873, inclusive?—A. It is. When I received the telegram from this committee I supposed that there was no use in going back prior to that date. I think his account was from the date of that entry up to the 1st of January, 1873. This is a record of the deposits and the checks between these two periods.

Q. Have you any knowledge of any instructions being given to your house touching the disbursement of that sum of \$56,500?—A. None at all.

Q. Are there any memoranda among your papers showing how this sum was disbursed?—A. We have the checks.

Q. Is there any indication that this sum was disbursed in any other way than the usual manner?—A. This statement shows the checks.

Q. Is there anything among your papers indicating a disbursement of the amount different from ordinary disbursements?—A. Nothing at all.

Q. All the checks were in the usual general style?—A. Yes, sir.

Q. Was there any certificate of deposit drawn against any part of the amount?—A. No, sir. They were all checks up to the 14th of October, 1872, when the account was balanced. The 24th of October is the date of the first check which we have now in our possession. Up to that period the books were balanced and the vouchers returned.

Mr. Beck, looking over the checks handed to the committee by witness, selected the following check, and asked that it be put in evidence.

[No. 71.]

NEW YORK, November 11, 1872.

[Revenue-stamp marked A. H. W., 11, 11, '72.]

Pay to the order of Hon. Cornelius Cole eighteen thousand and twenty-three and $\frac{20}{100}$ dollars.

A. H. WHITING.

\$18,023 $\frac{20}{100}$.

(Across the face of the check:)

Stamped. Accepted November 13, 1872. Payable at the National Park Bank.

(Signed)

EUGENE KELLY & CO.,
Per H. G. BEALES.

(Indorsed:)

C. COLE.

Deposit:

GEO. D. KRIMSHAW, *Treasurer*.

(Stamped.) Pay to the order of Chemical National Bank, New York, for collection for the Girard National Bank, of Philadelphia.

(Signed)

J. RAMSET,
Cashier.

Q. Do you know Mr. Cornelius Cole?—A. Yes, sir.

Q. Who is he?—A. I know Hon. Mr. Cole, of California; he was a Senator of the United States.

Q. Do you think he was the man to whom this check was payable?—A. I do not know Mr. Cole's handwriting, but I suppose he is the same gentleman. He is, I think, a brother-in-law of Mr. Whiting.

By Mr. BURCHARD:

Q. Most of these checks appear to be dated at Weedsport, N. Y., and to be payable to S. W. Treat or order. Is there a firm of that name doing business in Weedsport?—A. I really do not know.

Q. Was that the residence of Mr. Whiting, or reported to be his residence?—A. That I cannot say.

Q. Where is Weedsport?—A. I really do not know; I think this is the first time I ever saw the name.

Q. Was the account of your house with A. H. Whiting balanced prior to July 3, 1872, the date of the deposit of the \$56,500 to his credit?—

A. No, the account did not start from a balance. It commences at the date of that deposit.

Q. Was there anything to his credit prior to that time?—A. Yes, I think so.

Witness produced and handed to the committee a transcript of Mr. Whiting's account.

Rufus Hatch produced the stub check-books from No. 2401 to 2500 of the Pacific Mail Steamship Company for 1872.

Q. Read the entry to which your attention has been called.—A. [Reading:]

1872, September 4.

Propeller No. 5	\$100,000
Propeller No. 6	100,000

John Roach	200,000
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Q. In whose handwriting was the entries?—A. That I do not know; they are probably in the treasurer's handwriting.

Q. Are there any entries in regard to investments there?—A. On the opposite page I find this entry:

September 4.

Dividends and investments:

160 shares Panama, at 90	\$144,000
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Profit & loss:

1,600 shares Panama, at 35	56,000
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Lockwood & Co	200,000
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Q. Will you explain why that entry is made on the check-book in a way that does not indicate a check received or drawn? That is the stub of the check-book?—A. This is the stub on *this* side, and *that* is a memorandum on the opposite page, bringing forward the balances of any entries that may appear.

Q. Balances of what?—A. Any entries that it might be necessary to make memorandums of.

By Mr. KASSON:

Q. Does it not indicate that it goes to the credit of cash?—A. Yes, sir; it indicates \$200,000 to the credit of cash.

Q. Is your cash-account kept upon that book, or was it kept upon

that slip?—A. This is a memorandum. All check-books are a memorandum-book, the checks on one side and the memorandum on the other side of the amount.

Q. In all cases the stub of the check-book keeps the account of cash of the company, drafts drawn on the bank, and deposits?—A. Yes, sir; they should do it.

Q. That is the method of doing business here?—A. Well, sir; I do not know as to this check-book.

Q. I wish you would have the book-keeper see if that is carried out upon the journal and ledger.—A. That we did this morning, and we found the entries there and admitted them.

Q. Found them carried to your journal and ledger?—A. I think so.

Q. Is there any note of about September 4th, of cash received from John Roach, to the amount of \$200,000, or any less sum?—A. That would be on this side. I do not see any entry of \$200,000 anywhere.

Q. Have you found in the books an entry of money, of checks received from John Roach, on or about the date of September 4th?—A. No, sir; I have not.

FREDERIC KNOWLAND sworn and examined.

By Mr. BECK:

Question. Please state your occupation and place of business.—

Answer. I am general agent for the Union and Central Pacific Railroad, at 287 Broadway.

Q. State what acquaintance, if any, you had with the operations of the Pacific Mail Steamship Company in the early part of 1873 relative to obtaining a subsidy.—A. I had no knowledge at all of any subsidy. We had a running arrangement with them by which we sustained rates.

Q. In the early part of 1872 were you here or in Washington, or where were you?—A. I was here.

Q. Were you in Washington during that period?—A. No, sir.

Q. You had no communication with Mr. Stockwell relating to obtaining the subsidy?—A. No, sir.

Q. Nor with Irwin?—A. No, sir.

Q. Do you know Irwin?—A. I never saw him but to speak to him; that is all.

Q. Had you any conversation with him relative to obtaining the subsidy—as to the amount of money that was being expended for that purpose?—A. No, sir.

Q. Nor with Mr. Stockwell?—A. No, sir.

Q. Had you any stock transactions with him during that time?—A. I bought puts and calls from him, and dealt in it the same as I would with anybody else.

Q. But you had no communication with him as to the means they were using to obtain this subsidy?—A. No, sir; I had not.

Q. Was the subsidy spoken of between you and Stockwell to influence you in the purchase or sale of stocks?—A. No, sir; I never had a word of conversation with Mr. Stockwell in relation to the subsidy, or with Mr. Irwin, in my life. Mr. Stockwell never in his life mentioned subsidy to me, and I have had a great deal of business with him.

H. E. MERRILL was recalled and further examined.

By the CHAIRMAN:

Question. Turn to the entries in the cash-book of September 4, 1872, cash dr., and state whether the entries there to the dr. of cash are journal-

ized and entered in the ledger; if so, where?—Answer. I find here a charge to cash and a credit to investments on a sale of 1,600 shares of Panama R. R. stock, \$144,000; profit and loss, cr., cash dr., gain on 1,600 shares of Panama R. R. stock, \$56,000. That is the cash-book. Then on the journal, page 224, I find: Sale 1,600 shares Panama R. R. Co., \$144,000; interest account cr. on September 3; gain on sale 1,600 shares of Panama R. R., \$56,000.

Q. Are those posted to the ledger?—A. I presume they are.

By Mr. KASSON:

Q. Just Anglicize the result of all that, to the interests of the company. Lay aside your book-keeping phrases and state in plain English the results to the interest of the company, of a transaction in which checks were exchanged with John Roach for \$200,000, no credit made to cash as the proceeds of the John Roach checks, and then take the investment entries of the corresponding amounts, and state the result to the interests of the company.—A. Of course I can only speak as the books show. There appears to have been given to John Roach a check for \$200,000 on September 4, and there appears a credit on the opposite side as a sale of 1,600 shares Panama Railroad Company, from which it would seem that the company owned that stock and had sold it and received \$144,000 and \$56,000 additional gain upon it, amounting together to \$200,000.

Q. Is the result of that operation that the company is \$200,000 out?—A. On the face of it it looks very much like it. I do not know anything about it.

Q. Without a credit of the checks of \$200,000 received from John Roach it is an inevitable result, is it not, that the company must have been out \$200,000 by means of that transaction?—A. Yes, sir; I should say it was.

By Mr. BECK:

Q. See if it is not balanced by charging an additional \$100,000 to the cost of each of the ships Tokio and Pekin?—A. It is so charged.

Q. The company actually paid John Roach only \$1,052,000 each for those ships and charged them up \$1,152,000 each. There is \$100,000 actually charged to each of those ships more than was actually paid for the ships?—A. That I do not know, only as I have said.

Q. I thought you were there at the time?—A. No, sir, I was not there; all I know about it is from the record.

WILLIAM H. LANE sworn and examined.

By Mr. KASSON:

Question. Please state your occupation.—Answer. I am purchasing-agent of the Pacific Mail Steamship Company, and acting secretary.

Q. Have you made an examination of the papers and letters of that company to find out a correspondence between the company and Richard B. Irwin, in the early part of 1872?—A. Yes, sir, I have examined from December, 1871, to the latter part of 1872, and I find one letter only, of which I have made a certified copy or transcript, which has been presented through Mr. Hatch this morning.

Q. That is the only one you found on file relating in any manner to the obtaining of a subsidy in Washington?—A. Yes, sir.

Q. How many original letters referring to that subject did you find in the correspondence?—A. Only this one, of which I made a certified

copy. That letter was from Mr. Bellows, the vice-president of the company, to Mr. Irwin, who was then the agent at San Francisco.

Q. Of letters to the company, or to an officer of the company, how many did you find on file?—A. I think there were three or four, but I am not positive as to the number.

Q. You do not recollect their dates?—A. No, sir.

Q. To whom did you give them?—A. They were handed to Mr. Hatch.

Q. Then the letters that were handed in by Mr. Hatch are the letters which you found, and to which you now refer?—A. Yes, sir.

J. B. POST, jr., sworn and examined.

By the CHAIRMAN:

Question. What is your occupation?—Answer. I am a clerk in the employ of the Pacific Mail Steamship Company.

Q. State whether you have made any examination of the papers of the company for any correspondence on behalf of the company with Richard B. Irwin in 1872, prior to the first of July?—A. I made an examination of the correspondence yesterday, but I cannot speak as to the exact dates.

Q. What period did your examination cover?—A. I think it was from the first of January, 1872, to the same time 1873—it covered the year 1872.

Q. Did you find any correspondence relating to the procuring of a subsidy in Washington?—A. There was only one letter I could find bearing upon the subsidy in any way. It was dated prior to 1872; it was dated December 2, 1871.

Q. The only correspondence emanating from the office of the company, in relation to procuring a subsidy, was that one letter, so far as you know?—A. Yes, sir.

Q. To whom did you give the copy of that letter?—A. I did not make the copy. I found the press copy of the original letter in the copy-book, and I believe that Mr. Lane made the attest copy.

Q. Did you find any letters to the company relating to the obtaining of the subsidy?—A. I did not, sir, none bearing directly upon the subsidy at all.

Q. Then all you have found in your examination of the books and papers of the company relating to the subsidy is what you have just now stated?—A. That is all.

Q. Was your search thorough?—A. It was as thorough as I could make it.

F. W. G. BELLOWS recalled and further examined.

Mr. KASSON. The committee is informed, Mr. Bellows, that you desire to make a statement in correction, or in further explanation, of the testimony you have already given.

Mr. BELLOWS. I do, sir. I appear voluntarily, without being subpoenaed.

Question. State, then, what you desire to say, in the form, of course, of an explanation.—Answer. One of the statements made yesterday by the accountant of the company left the impression on my mind, as I read it in the papers, that he gave the committee to understand that the orders that were given to him in the office in regard to these letters, &c., were given by me. I wish to say that I never gave an order in regard to those things, except in the regular way or course of business, that was not directed by Mr. Stockwell, and I always, for my own protec-

tion, prefaced the directions I gave with some such statement as "the president desires thus and so to be done."

Q. What you desire to state, then, is that, in giving any of the instructions referred to by Mr. Roundy as coming from you, you were acting under the direction of the president?—A. Any instructions that were irregular.

Q. Do you regard the \$750,000 transaction as irregular?—A. I do, sir.

Q. Then whatever Mr. Roundy stated in regard to these items connected with the subsidy as having been done by him under your instructions, was done under instructions which you yourself had in turn received from Mr. Stockwell?—A. Yes, sir. Mr. Roundy was correct in stating that he received the instructions from me, because the president never gave his orders except through me; but I was always particular, to avoid any responsibility in the matter, to say that it was desired by the president that these things should be done—that the president directed so and so to be done.

Q. Then all you desire to say is, that all you directed to be done you directed officially under the instruction of the president?—A. That is all in regard to that.

Q. Anything else?—A. Yes, sir. In regard to the money that was charged to the two ships, Mr. Roundy said that I made the remark that it was to be put to the account of the ships and kept from the directors, or something to that effect. I never made any remark of the kind. I recommended to Mr. Stockwell at the time that he should charge all the expenditures that he had made in regard to this subsidy to a special account; that he should open a special account and call it whatever he had a mind to, "China Line, No. 2," or "China Line, Special Expense," or whatever he chose, but that he should, at all events, open such an account and charge all his expenditure of that kind to that account; and, as he received the subsidy, credit it to that account until those expenses were all wiped out. I earnestly recommended that course to him many times, but he positively refused to do it. He said, "We are building four ships; we are building two of them for this special service, and I will charge it in that way. It is perfectly proper. I will charge \$100,000 to each of those ships; that is perfectly proper. Railroads charge their construction account in the same way, and it is perfectly right that these ships, which are built to run under this subsidy, should be charged with this money, and be made to bear their part of the expense. The subsidy was passed in May, and this was done in the fall; my impression is that it was in September.

Q. You have now been stating what Mr. Stockwell told you on this subject?—A. Yes, sir. And I have said that the accountant was mistaken or misunderstood me when he attributed the remark to me that he did, for I made no such remark. I explained at the time exactly what the president wanted done, and why he wanted it done.

Q. Do you know whether Mr. Stockwell was gaining or losing in his stock-operations after April or May, 1872?—A. I know nothing of it except as I judged by his manner and his anxiety, that is all. He never said a word to me about stock.

Q. You did not know from any statements made by him whether he lost subsequently?—A. No, sir.

Q. Was he a large purchaser prior to the middle of May, 1872?—A. I have no doubt that he was. I do not know, however, because I had no means of knowing his operations.

Q. You have stated that you think it was in September, 1872, that Mr. Stockwell proposed to get rid of these troublesome and mysterious

entries by charging them over to the ships. Now, prior to the granting of the subsidy, or to about the time of the granting of the subsidy, had Mr. Stockwell indicated to you what accounts he intended to put those expenses to so as to carry them along in the books?—A. No, sir.

Q. He had given you no instructions?—A. None at all.

Q. And therefore it was about September that he determined to charge the whole or a part of that expenditure to the construction of the ships. That was the first you knew about his intention?—A. I am not sure that it was September; that is my impression, but of course the books will show.

Q. I will state for your information that the evidence before the committee is that this charge of \$200,000 against the ships was made on September 4th.—A. Well, he had spoken of it before that.

Q. When first did he speak to you about disposing of those sums in that way?—A. It was after the payment of Mr. Irwin in May, at the time that he received the \$750,000.

Q. Was it before any contract was made for building the ships?—A. Without looking at the date of the contract I cannot tell, but from recollection I should say it was.

Q. Before a contract had been made for the ships Mr. Stockwell proposed to charge that money to the ships?—A. No, sir; you misunderstood me.

Q. You misunderstood me, perhaps.—A. Well, it was a misunderstanding at any rate. The ships were contracted for and under way and payments made upon them at the time that this \$200,000 was charged. I understood you to ask whether he had said anything in relation to charging any part of this expenditure to any other account besides the ships, and I answered that he had.

Q. No; I wanted to get the date when Mr. Stockwell first proposed to charge over this hitherto mysterious account to the construction of those ships.—A. I think it was about that time it was done; it may have been a short time before, but not long.

Q. Then, if the charges were made on or about September 4, it was about that time that he first suggested to you the charging of those amounts to the construction of the ships?—A. Yes, sir; it may have been a week or ten days, or two weeks, but only a short time.

Q. Before that he had made no suggestion to you to charge that money to the construction of new ships?—A. Not to the ships.

Q. Had he proposed to charge it to the construction-account of ships previously constructed?—A. No, sir.

Q. Had he suggested to you previously to what account he would carry those items?—A. A part of it.

Q. And what account had he suggested that he would carry a part of it?—A. The San Francisco agency.

Q. Was that the only other account to which he proposed to carry those troublesome items or a part of them?—A. It is all that I recollect at this moment. I could tell by looking at the books, but I have not seen them for two years and a half.

Q. So far as you recollect, then, the two suggestions made by Mr. Stockwell on that subject were, first, to get rid of these items by putting them to the San Francisco agency, and afterward by putting them against the new construction-account?—A. No, sir. It is brought to my mind at this moment that there was something about adding a dollar a ton to the price of the coal on hand.

Q. That was suggested about what time?—A. This all took place between May 24, the time that Mr. Irwin received those checks, and

the time this amount was charged to the ships—within a period of two or three months.

Q. Then the coal proposition came, you think, before the proposition to carry the items to the San Francisco agency, or did it come afterward?—A. I think it came after that.

Q. And before the proposition to put this money against the construction account?—A. I think so.

Q. Do you happen to remember whether any portion of the money was charged against the coal account?—A. No, sir; I could not tell without examining the books. My recollection is that it was not.

Q. Do you remember receiving any instructions from Mr. Stockwell respecting the account to which certain checks that were issued to Mr. Irwin in 1872 were to be entered?—A. No, sir; I do not.

Q. You have no recollection of receiving any instructions from Mr. Stockwell as to the account to which certain checks amounting to several thousand dollars (some of which checks—the largest part of them were afterward returned) were to be put while they were out?—A. No, sir; my recollection is that I kept them merely on a memorandum, because it was the understanding that those checks should not be used.

Q. So you think they do not even appear on the stubs of the check-book?—A. No, sir; I think not.

Q. What was the amount, \$600,000?—A. No, my impression is that it was \$500,000.

Q. Whatever the amount was you think that no part of it was entered on the stubs of the checks?—A. No, sir; I think not, because it was understood that the checks were not to be used.

Q. There was some money paid to Irwin along in the spring—some considerable amount—do you recollect the account to which Mr. Stockwell instructed you that they should be charged?—A. I do not remember any instructions in regard to that. I know that some of the items were charged to profit and loss, because it was supposed that they were necessarily incurred expenses, and some of them were charged to Eldridge & Irwin, agents in San Francisco, with the intention, as he said, to settle the account after they got through, and on the recommendation of Mr. Irwin that all moneys should be charged to that agency.

Q. Mr. Irwin recommended that the money should be charged to the San Francisco agency?—A. So Mr. Stockwell stated.

Q. You did not know that from Irwin?—A. No, sir; I think Mr. Stockwell read me something from a note received from Irwin, in which that recommendation was made. He either gave me the note or read it to me. I do not remember which.

Q. Is there anything else to which you want to call the attention of the committee by way of correction or explanation of your former evidence?—A. No, sir; nothing except a point in regard to the testimony that I gave in Washington. I was asked, by Mr. Dawes, I think, if I had ever had any correspondence with Irwin during the time that he was in Washington, and I said that I did not know until I could examine my letter-books. When I came home, I did examine, and I found that I had written to him one or two letters bearing upon the subject, which the committee can have copies of if they wish.

Q. Be good enough to furnish the committee with copies of these letters; send them to the chairman of the committee at Washington.—A. I will do so.

By Mr. BECK:

Q. State again during what period you were the vice-president of the company.—A. From the early part of 1865, until May, 1873.

Q. Were there changes made in your stock during those years; was it raised from a small up to a larger one?—A. Yes, sir.

Q. How often was it changed, and what was the character of those changes?—A. It is so long ago that I can hardly state from recollection, but there were several increases. When I went into the company, in 1861, the capital was \$3,600,000, I think, and it eventually grew up to \$20,000,000.

Q. The increase being authorized at various times by the legislature of New York?—A. Yes, sir.

Q. It was raised first to five million, then to eight million, then to ten million, then to fifteen million, and then to twenty million?—A. Yes, sir.

Q. It was a stock that seemed for a time to bear watering pretty well?—A. Well, sir, it was not all water. At one time we assessed the stockholders fifty per cent. of the stock, which they paid in cash. At another time, when the increase was made, there were 50,000 shares sold at \$200. Then, when we acquired the Atlantic line in 1865, they added \$3,000,000.

Q. In stock, not in payments by the stockholders?—A. Well, sir, we paid in stock for the line.

Q. How much do you think the actual payments by stockholders amounted to?—A. If I could look at the books I could tell you, but I know that we called upon them for fifty per cent. of the increase; we gave them one share for every one held, and they paid fifty per cent. in cash. I think that was the time the stock was raised to ten million.

Q. How often did you make reports to your executive committee?—A. The usual business of the committee was reported to them weekly when they met.

Q. During the early part of 1872 did you make weekly reports to the executive committee of the amounts of money that were put into the hands of Mr. Irwin?—A. No, sir.

Q. Why didn't you?—A. Because I was not directed to. I never made any statements to the executive committee in regard to payments.

Q. You were vice-president of the company, were you not?—A. Yes sir; but that was no part of my duty.

Q. You had no knowledge of the transaction?—A. I had.

Q. Was it your duty as vice-president to conceal from the executive committee the knowledge of facts in your possession affecting the interests of the company?—A. There was no concealment on my part at all.

Q. You knew of these payments?—A. Yes, sir.

Q. And you did not tell of them?—A. No, sir.

Q. As an officer of the company did you not regard it as your duty to tell the truth as you knew it about the affairs of the company?—A. Yes, sir.

Q. Why did you not do it, then?—A. I did, sir. It never was my duty to make any report to the executive committee of payments.

Q. At the time the checks were given by Mr. Stockwell to Irwin for \$750,000, on the 24th of May, did you make any report to the executive committee of that company?—A. No, sir.

Q. Did you ever lay it before the board of directors?—A. No, sir.

Q. Did you not know at the time that all that money was being spent to obtain the subsidy?—A. No, sir.

Q. Did you not know at the time you gave Irwin those checks that the money was for no other purpose but for this subsidy business?—A. The only thing that passed through my mind at that time was that Mr.

Stockwell probably had made some arrangements with him, by which he had agreed to pay him so much money for procuring the subsidy; for I had no knowledge at all of what was done with any of the money, in any manner or shape.

Q. Did you not feel it your duty, as vice-president of the company and one of the trustees for the stockholders, to inform them of any such important transaction as that?—A. No, sir.

Q. Why not?—A. Because I supposed the president would do that, or had done it.

Q. Did you meet with the board of directors?—A. I was president of the board of directors, but they met only once a month.

Q. When they next met after the expenditure of this \$140,000 by Irwin, prior to the \$750,000 that he received, did you not regard it as your duty to inform the board of directors of that fact?—A. I would if I had not supposed that the president had advised them of it.

Q. Did you suppose that the board of directors knew all the facts that you knew?—A. No, sir. I do not know that they were all there; but I supposed that the president was constantly conferring with his directors.

Q. And telling them all the facts?—A. I supposed so.

Q. How often did you make reports to the world of the condition of the affairs of your company?—A. I think there were two reports made while Mr. Stockwell was in the administration—one when he came in and one when he went out.

Q. When he made the report when he went out, in the early part of 1873, did that report set forth the truth of the facts as they existed?—A. Yes, sir; that \$500,000 remained charged to the San Francisco agency.

Q. And did not you, the vice-president, and Stockwell, the president, both know very well that that charge of \$500,000 to the San Francisco agency was a false charge, and was put there for the purpose of covering up that transaction?—A. It was put there, as Mr. Stockwell told me at the time, with the understanding that he expected to get back a portion of that money, and he said he would leave it to that account for the present, as he had been recommended by Mr. Irwin to charge it to the San Francisco agency until he got a payment, and then the whole thing would be wiped out. It was known what that \$500,000 was for, because I was asked a great many times to explain it, and I did explain it to everybody that asked me.

Q. Would any one know from reading the company's report where that money had gone?—A. No, sir.

Q. Would not the world understand from reading that report that it was properly charged to the San Francisco agency?—A. I do not think they would, because they would know that the agency would not have any such large amount of money standing against it.

Q. Did anybody outside—anybody except those in the secrets of the company—know that \$100,000 had been falsely charged on your books of construction to each of the steamers, Tokio and Peking?—A. I do not know.

Q. Could they obtain any such knowledge from your annual report?—A. No, sir.

Q. Why did not your annual report, as officers of the company, tell the truth upon that subject?—A. I do not know why it did not.

Q. You knew then that that report was a falsehood on its face?—A. Well, sir, I did not consider that that was so irregular, if we choose

to make those ships stand for so much money; it was irregular, but I did not consider that there was anything wrong in it.

Q. You did not consider there was anything wrong in making that false statement in your annual report?—A. No, sir; I did not think there was anything wrong in that report.

Q. I merely wanted to get at the *morale* of the officers of this company.—A. Well, sir, I may be wrong, but I do not see anything wrong in that.

Q. You mean to say that you, as vice-president of that company, thought that there was nothing wrong in making a false entry upon your books of \$100,000 more than you had paid for the ships?—A. Yes, sir; wrong without explaining why it was done.

Q. But your annual report did not explain it.—A. It did not.

Q. You had got this subsidy and were applying for a continuance of it?—A. I do not know, sir; I presume they were. I had left the company then.

Q. That original subsidy was \$500,000 a year for ten years, was it not?—A. Yes, sir.

Q. And these annual reports of yours would be submitted to Congress; and with no knowledge, except what they could get from your reports, they were expected to act upon the application of the company for a further subsidy?—A. That I do not know; I had nothing to do with that at all.

Q. Was any explanation ever made, except what appeared in the annual report, so that Congress could understand whether it would be a proper thing to continue that subsidy or not? Do you know of any other report or statement being made to Congress?—No, sir; I do not.

Q. Was not the annual report, as published, well calculated to mislead anybody as to the true condition of the affairs of that company?—A. Yes, sir; I suppose it was, without this explanation.

Q. I see that you have received an opinion from the Attorney-General of the United States, in which he says you are entitled to a continuance of the subsidy. Did you advise the Attorney-General of all the facts as you have stated them here, as to the condition of the company, before you obtained that opinion?—A. I tell you I was not connected with the company at that time, and I do not know what passed between them and the Attorney-General. I left the company in 1873.

Q. You have seen the letter of the Attorney-General saying that the company is entitled to a continuance of the subsidy?—A. Yes, sir.

Q. Have you any knowledge whether the Attorney-General gave that opinion with full knowledge of the facts, or not?—A. I know nothing at all about that, sir.

Q. When the company were applying to a leading officer of the Government, and asking an opinion in their favor in the matter of the continuance of this subsidy, do you not think that it was important and proper for them to tell the whole truth?—A. Certainly, sir.

Q. But this company has not done this, so far as you know?—A. I do not know whether they informed the Attorney-General or not. If I had seen the Attorney-General, and he had asked me anything about it, I should have told him frankly all about it; or anybody else who would have asked me about it.

Q. I believe that Scott, Strong & Co. had false charges made against them on the books of the company while you were the vice-president—charges made against them for the purpose of bridging over something?—A. No, sir.

Q. Do you remember that such charges were made against Harriot & Noyes?—A. Yes, sir.

Q. To the amount of \$600,000?—A. Yes, sir.

Q. That entry of \$600,000 against Harriot & Noyes was a false entry?—A. Yes, sir, it was.

Q. And you knew at the time that it was a false entry?—No, sir; because the amount was charged to Eldredge & Irwin first, and Mr. Stockwell, two or three days afterward, told the treasurer *pro tem.* to change it to Harriot & Noyes, saying that he expected to get back a portion of that money.

Q. But the books showed that it was charged to Harriot & Noyes?—A. Yes, sir.

Q. And that was a false charge?—A. It was.

Q. And as soon as it went on the books you knew it?—A. No, sir; not at the time, but very soon after.

Q. There was the fact, then, that you know that \$600,000 was falsely charged to that firm, and why didn't you tell the board of directors of that fact?—A. I didn't think I was called upon to tell them; I supposed that Mr. Stockwell saw some way in which he was going to receive back this money, a portion of it. I didn't know what way, but I supposed he saw some way, and that then he would settle up the accounts and state to his directors just what it had cost.

Q. And you think that the vice-president of a company is doing his duty when, having knowledge that false entries are made in the books, he makes no inquiry of the board of directors whether they know it or not, and keeps it entirely concealed from them?—A. I don't think there was any concealment about it, for I didn't feel that it was part of my duty to do it; I felt that the responsibility was entirely upon the president, and he was acting under a resolution that had been passed.

Q. Were you present at that meeting of the board of directors?—A. No, sir; I was not a member of the board.

Q. Were you present at the meeting?—A. No, sir.

Q. Were you present when the action of the executive committee was ratified by the board?—A. No, sir.

Q. Why did you first issue these checks to Mr. Stockwell and then charge them to Richard B. Irwin?—A. Mr. Stockwell gave me a memorandum, and told me to tell the treasurer to draw the checks in that way. I handed it to the treasurer, and they were drawn in that way, and taken in to Mr. Stockwell, and he said he didn't want them drawn to his order, but to Irwin's order; I then took them back, and told the treasurer what Mr. Stockwell said, and the checks were re-drawn.

Q. How much money do you know of that was spent in Washington to obtain this subsidy?—A. I don't know that any money was spent in Washington, except what Irwin spent for his house there.

Q. Have you any knowledge from Mr. Stockwell or Irwin as to the expenditure of any money in Washington in obtaining the subsidy?—A. Not a dollar, sir.

Q. From the time he went there in January until May, was there no consultation between you on the subject?—A. I never exchanged a word with Mr. Irwin upon that subject or knew anything about it, no more than a man in a foreign country.

Q. You knew, at the time the checks for \$750,000 were given to him on the 24th of May, that previously there had been given to him for that purpose \$25,000 in January, \$40,000 in February, \$35,000 in April, and \$40,000 up to the 15th of May?—A. I knew that—that that money had been furnished to him; what he had done with it I did not know.

Q. But you knew that it had been furnished in connection with the subsidy in Washington?—A. Yes, sir.

Q. And not at all in connection with the San Francisco agency?—A. No, sir.

Q. Then you knew that he came back for \$750,000 when that \$140,000 was gone, making \$890,000 in all?—A. Yes, sir.

Q. And yet you never thought it of sufficient importance either to advise with the stockholders or speak to the board of directors about it?—A. I didn't think it my duty to do that. My duty in regard to those things was simply clerical. I had sufficient to do in the general management of the details of the business of the company, without paying attention to those things.

Q. Don't you know that the men who were dealing in the stock, and were not in the secrets of the company, were dealing upon the false showing that the company had made, and didn't you know, in fact, that the company was just that much worse off than it pretended to be?—A. No, sir; for I don't know anything about them.

Q. You knew that any private gentleman dealing upon the faith of your company's published representations had no knowledge that these entries to Harriot & Noyes and John Roach and others were fraudulent?—A. None of that money was charged to any of these parties, excepting Harriot & Noyes.

Q. One of your vice-presidents, Mr. Scott, speaks of \$150,000 that was falsely charged to his firm.—A. I don't think it was as much as that; I knew what that transaction was, and the explanation in regard to it is a very simple one, which I had no knowledge of at the time, but I have obtained it since.

Q. Is not this the fact, that the dealings of that company during the Stockwell administration, as the business of the company was carried on and as the books were kept, were such that the truth could not be known by men who were not in the secrets of the office?—A. In regard to the subsidy, it was certainly so; nobody condemned it more than I did.

Q. Do you know that at any time any of the stock of the Panama Railroad Company was taken from the company's safe and not properly accounted for?—A. It was accounted for afterwards.

Q. How was that taken from the safe?—A. I stated that in Washington; it is in my testimony.

Q. Is the explanation of how it was accounted for there too?—A. Yes, sir.

By Mr. KASSON:

Q. Was the book-keeper under your direction?—A. Yes, sir; I suppose he would be called so.

Q. You were in the board of directors at the time a resolution was passed authorizing expenditures in connection with the subsidy?—A. I was not.

Q. When did you first learn of the existence of that resolution?—A. I must have been aware of it very soon after it was passed; I cannot tell you the exact time.

Q. Did you read it?—A. Yes, sir.

Q. And you think you knew of it soon after it was passed?—A. I think so.

Q. The book-keeper has undertaken to justify himself for making these entries on the books by the statement that he regarded it as his duty to obey the instructions of his superiors; he was under your direc-

tion; and you now state that you were justified in directing these entries by the orders of your superiors.—A. I didn't take any responsibility in regard to the entries. I merely, as I told you, obeyed the orders of the president. I would not have had such an entry made myself.

Q. Then you did it because the president desired it to be done?—A. I didn't do it; I merely conveyed the president's order.

Q. You directed it to be done?—A. No, sir; I said "The president directs or wishes so and so to be done."

Q. The order went through you?—A. Yes, sir.

Q. If this investigation has no other good result, it will perhaps show the country how business is managed by leading financial representatives in the city of New York. In your position, as vice-president of a great company subsidized by the United States, did you regard it as your duty to be the medium of directing false entries to be made in the books of that company, a great corporation in which the whole country is interested?—A. Do you mean do I think I was justified?

Q. Did you regard it as your duty to be a party, as a medium of communication or otherwise, to the making of false entries in the books of a great corporation in which the whole country is interested?—A. As a subordinate I felt that I was obliged to obey the orders of my superiors or give up my position, and it was too important to me; I could not afford it; I tried several times to get out of it, and went to my friends for that purpose, and I afterwards refused the presidency of the company solely on that ground.

Q. All that time, however, when you were the vice-president of the company, you allowed fraudulent entries to go on, under the circumstances that have been stated here, without attempting to stop them by communicating the fact to the board of directors?—A. I did not communicate with the directors on the subject, because, as I said before, I did not regard it as my duty to do so.

Q. Then you regard it as the right of the officers of a corporation placed in charge of the interests of the stockholders to require you, when you are not the chief, to be a party to the making of false entries respecting the transactions of the company?—A. As I said before, I felt it was my duty to obey the orders of my superiors.

Q. Do you understand that the commercial sentiment of New York requires any honorable gentleman to go so far as to be a party to the making of false entries on the ground that it is his duty to obey his superior officer?—A. I don't think he is a party to it.

Q. Not when he communicates to the book-keeper the desire of his chief that false entries shall be made, and when in pursuance of that communication these fraudulent entries go into the books?—A. I do not consider that I was responsible in any way or shape for these entries; if I had so considered, I should have been very slow to do it.

Q. Still you say it affected you so that you were unwilling to remain, and sought other occupation?—A. Yes, sir; because I felt that it was irregular.

By the CHAIRMAN:

Q. Did you understand that the arrangement in regard to the subsidy was a private arrangement between Mr. Stockwell and Mr. Irwin, or that it was an arrangement with the company?—A. You mean as to the amount paid him?

Q. I mean the arrangement or contract between them in reference to the subsidy.—A. I supposed that it was entirely between Irwin and

Stockwell, for I never knew of Mr. Irwin's communicating with anybody connected with the company but Mr. Stockwell.

Q. Have you seen the correspondence between Mr. Stockwell and Mr. Irwin, or the company and Mr. Irwin, relative to procuring the subsidy?—A. I saw some notes from Irwin to Mr. Stockwell, which Mr. Stockwell showed me. They were all private. There was no official correspondence that I am aware of.

Q. Is that correspondence in the possession of the Pacific Mail Steamship Company, or was it left in their possession?—A. I don't think it was, because if it had been it would have been found. I suppose Mr. Stockwell destroyed the letters as they were received.

Q. You were asked in Washington whether, if the money was sent to Irwin, there was probably some letter accompanying it, and you answered, "Undoubtedly." You were asked further, "Have you any letter-books which will disclose that fact," and you answered, "There are the company's letter-books." Will you explain what these books that you refer to are?—A. I stated there one time, when asked whether, if the money was sent to him, it was accompanied by a letter, that I supposed it was, undoubtedly, and supposed that if there had been a letter it would be in the company's letter-books. From the testimony that I have heard here to-day, it appears that they have searched for those letters and have not found them. One of the letters, which I told the committee I would give them a copy of, refers to the \$25,000 sent in January. Mr. Irwin wrote to Mr. Stockwell requesting him to make deposit to that amount, and it was done, and he was advised of it. That is the only letter that I have any knowledge of; it was in a private letter-book, not the company's letter-book.

Q. You were asked, "Have you any recollection of writing any letter inclosing Stockwell's private check to Irwin here at Washington?" and you answered, "No, sir; I have not, but I have a letter-book, and if I did write such a letter, it is in that book."—A. Well, there is no such letter; I have looked for it and found none.

Q. In whose possession is that letter-book that you refer to as containing that mention of the \$25,000?—A. It is my own letter-book.

Q. We would like to have a copy of it.—A. You shall have it; if I had known I was coming up this afternoon I would have brought it.

Q. Are there any other letters or copies of letters containing information in regard to remittances to Irwin, or a receipt of money by him?—A. Only that one, sir; but there is another letter which refers to the letter which the president directed to be written to Mr. Cox, Representative from New York.

Q. There was no other letter relating to any money?—A. I will produce the letters.

WILLIAM L. JENKINS sworn and examined.

By the CHAIRMAN:

Question. Please state your residence and occupation.—Answer. New York. President of the Bank of America.

Q. From the evidence taken before this committee it appears that a check for \$14,500, drawn by Richard B. Irwin on the American Exchange National Bank of New York, was passed through the clearing-house to the credit of your bank on the 29th of February, 1872, or about that time. Will you state what information you have in regard to that?—A. Yes, sir. I don't know whether that is the check. We have no memoranda of that; we do not keep memoranda of checks for

deposit, except they come by mail. There was a check of \$14,500 deposited on the 27th, which went through the exchanges on the 28th, the next day. It was deposited by Lees & Waller. This is the ticket of their deposit, and among them is that check, \$14,500. They deposited on that day \$120,050.94, and in that deposit we find a check of \$14,500. That is all we can tell you about it.

Q. Was there no other check for \$14,500 in that day's transactions?—

A. No, sir; none for two or three days previous to that and after that; we have looked.

Q. No such transactions with anybody?—A. No, sir; that is the only one, and for that amount, anywhere about that time.

Q. That came by mail?—A. Yes, sir.

Q. Who are the firm of Lees & Waller?—A. James Lees has died since then. The firm is now Laidlaw & Co. Their place of business is 33 Pine street.

Q. Is Waller still a member of the firm?—A. No, sir; he is not living; he was not living at that time, but that was the firm's name.

LE GRAND LOCKWOOD sworn and examined.

Question. Were you a member of the firm of Laidlaw & Co. in 1872?—

Answer. I was.

Q. Have you with you books which will show the entries of certain deposits on or about September 4, 1872?—A. I have not.

Q. Will you examine the books and give the committee information as to a certain deposit of one or two hundred thousand dollars made on or about September 4, 1872, by either the president of the Pacific Mail Steamship Company, or some other party, if you find entries of checks to that amount?—A. I will endeavor to find the books and look it up, and I have no doubt that I can. I will endeavor to be here to-morrow by 12 o'clock with the books.

By Mr. BECK :

Q. Are you the Mr. Le Grand Lockwood who was examined once before the Committee of Ways and Means relative to some other matters, in which Judge Sherman and others became entangled?—A. Yes, sir.

Q. You made an affidavit before the Ways and Means Committee which had something to do with the beginning of this investigation?—A. I believe I did.

Q. Will you now go on and tell us all you know about the frauds committed in obtaining the subsidy?—A. I do not know anything more about them than I told at that time.

Q. Suppose you tell it over again now?—A. I know nothing whatever about it except that a gentleman remarked at the time that there had been a million of dollars spent in securing the passage of the subsidy.

Q. From whom did you get that information?—A. No one ever told me directly.

Q. How did it get into your ears, then: you guessed pretty well, according to recent developments?—A. Well, sir, it was hinted to me by Mr. Frederick Billings.

Q. In what form was the hint you received?—A. We were talking about the worthlessness of this stock. When the Stockwell board came in there was a great question on Wall street as to what Pacific Mail was worth, and my father and myself, and I think Mr. Billings, had a statement made up about the property, and we came to the

conclusion that instead of being of great value the stock was worth about 25 cents. In referring to that conversation Mr. Billings said that since we had come to that conclusion, there had been so much money spent, naming a million of dollars, which was "gone nobody knew where;" those, I believe, were his words.

Q. About what time was it that Mr. Frederick Billings gave you that information or that hint?—A. It was after the passage of the subsidy, I presume; I do not recollect the date, but I think it was in the winter of 1872 or '73.

Q. It was a short time before you testified before the Committee on Ways and Means upon that very subject?—A. Yes, sir.

Q. Did you ever follow up that hint to see what was the truth about it?—A. I never did.

Q. At the time the subsidy was pending before Congress, during the early part of 1872, did you ever have any conversation with Mr. Stockwell, Irwin, or anybody else bearing upon it?—A. I don't remember ever having any.

Q. Do you know anybody who acted as agent to procure the subsidy who got any of the money?—A. Nobody except Irwin.

Q. Did you talk with him about what he was doing?—A. I never saw Irwin in my life.

Q. Did you know in 1872 that he was getting a subsidy?—A. O, we all knew it; Mr. Stockwell testified under oath, in a lawsuit that somebody had against him, that Irwin was there in the employment of the company; that, I think, was in the early part of March, 1872, before the subsidy was passed.

Q. I suppose that in that testimony in court he did not go into any detail about the expenditures, or the amount of them?—A. O, no, sir; the question was asked him what Irwin was in Washington for, and he said, for reasons best known to himself.

Q. Can you give us any more information about that subject?—A. I do not think that I can.

Q. We are, of course, comparatively in the dark and looking for light from any quarter, and if you can give us any we want it.—A. I know nothing to my own knowledge.

GUY F. GOSMAN sworn and examined.

Q. What is your occupation?—A. Mail-teller of the Bank of America.

Q. State what you know about a check drawn upon the American Exchange National Bank of New York for \$4,000, on or about May 24, 1872, which passed through the clearing-house, from the Bank of America.—A. I am not the receiving-teller, nor the assistant receiving-teller. The reason my name was given to the committee was, that I am the teller who receives all letters. On May 21, 1872, we received no check on the American Exchange Bank for \$4,000 through the mails.

By Mr. BECK:

Q. It may have been on deposit and you not know it?—A. There was a check for \$4,000 on the American Exchange Bank deposited in our bank on that day; it was deposited to the credit of R. J. Capron. I did not receive that check; indeed, no one who is in the bank now received it.

Q. Who are R. J. Capron & Co.? Are they bankers in New York?—A. They were at that time, I believe; the firm is dissolved now.

Q. Do you know any of the members of the concern?—A. No, sir, I do not.

Q. Do you know who succeeded to their business or books?—A. The

firm since has been Capron & Merriam, and they failed on C. C. and I. C.; their office was in Broad street; Merriam & Capron's office is at the corner of New and Wall streets.

Q. And that is the only check for \$4,000 on that bank on that day?—
A. Yes, sir; we have some other checks on different banks on that same day.

NEW YORK, *January 2, 1875.*

HENRY CLEWS called and sworn, in the absence of the chairman, by Mr. S. B. Goodale, a notary public for the city and county of New York.

By Mr. KASSON:

Q. Please give your name and residence.—A. Henry Clews; my place of business is 32 Wall street.

Q. Were you an officer or director of the Pacific Mail Steamship Company in the year 1872?—A. I was.

Q. During the whole of that year?—A. I think so.

Q. Did you go in with the Stockwell administration?—A. I think I did.

Q. That was in the latter part of the year 1873. With that aid to your memory can you say that you were a member of the board on February 14, 1872?—A. Yes, sir.

Q. Were you a member of the executive committee?—A. I was not.

Q. Then you were not present at the meeting of the executive committee on February 14, 1872?—A. I was not.

Q. Do you recollect being present at a meeting of the board of directors when a certain resolution, adopted by the executive committee in February, 1872, was presented for approval, giving a certain authority to the president to engage counsel and incur other necessary expenses?—
A. I have no recollection of it, and, consequently, I think I must have been absent from that meeting.

Q. You have no recollection of any such resolution being presented to the board?—A. No, sir.

Q. Did you ever hear anything said to the board of directors, or to any of the directors, in relation to the passage of the resolution?—A. Not that I now remember.

Q. Did you know that Mr. Stockwell had employed Mr. Irwin at Washington to procure a subsidy for the company?—A. I did not, sir, until long afterwards.

Q. Until after the law had been passed?—A. Yes, sir.

Q. Did you have any knowledge at all what expenses were incurred in procuring the subsidy?—A. Not until it was too late to correct it.

Q. Until when?—A. Some time after the subsidy was obtained.

Q. How did you first hear that expenses had been incurred for it?—
A. I had no facts in regard to it; I heard of it merely by common rumor.

Q. You did not hear it from Mr. Stockwell, or any member of the board of directors?—A. Not until long after the subsidy was obtained.

Q. Did you ever see any report made to the board or communicated to the company, in any way, of the amount of expenses incurred in obtaining the subsidy?—A. No, sir.

Q. Then you say that you had no personal knowledge, until after the subsidy was granted, of the means by which it was obtained or the expenses incurred in obtaining it?—A. I had not.

Q. Have you any reason to believe that the facts were known to the board prior to sending Irwin to Washington, or after he had been sent there?—A. I think not, sir; on the contrary, I think it was studiously kept from the board—all knowledge pertaining to it.

Q. Were you a member of the auditing committee of the board in the spring and summer of 1872?—A. I was one of the committee, but, I think, elected after that.

Q. As a member of the auditing committee, have you a knowledge that there were any accounts presented to that committee having relation to those expenditures at Washington?—A. Not at any meeting of the board where I was present.

Q. And you did not know of any accounts that were audited by that committee, while you were a member of it, having any relation to the expenses at Washington?—A. I do not.

Q. Have you any knowledge, derived from any officer of the board or acquired by yourself while a member of the board, from which you can state what amount was expended, through Irwin or otherwise, in procuring the subsidy, or alleged to have been expended for that purpose?—A. I never knew, sir, until my attention was called to an irregularity of the president's, when that matter, of course, developed itself. That was along toward the end of the year, or rather of the term that we were elected for; it was in the spring of 1873, I think.

Q. Then, prior to the spring of 1873, you had no knowledge coming to you in any way whatever touching these irregular expenditures?—A. Not at all. There was another irregularity on the part of the president, and that called my attention to this large expenditure in behalf of the subsidy or alleged to have been in behalf of the subsidy.

Q. Was that after Mr. Stockwell went out of the board or before?—A. It was while he was in the board.

Q. How long after that discovery did he remain in the board?—A. I think he remained in the board until the term had expired. I was not aware that he resigned at all.

Q. When did his term expire?—A. In May, 1873.

Q. And you think it was in the spring of 1873 that the discovery was made?—A. Yes, sir.

Q. Did Stockwell make any statements at that time touching these disputed or doubtful accounts?—A. He did not.

Q. What action was taken in consequence of that discovery?—A. The action principally taken was in connection with another matter which absorbed attention almost to the exclusion of the subsidy matter; that was the taking by the president of a large amount of the Panama Railroad Company's stock, assets Pacific Mail Steamship Company, and the investigation and action were in connection with those assets of the Pacific Mail Steamship Company alleged to have been improperly appropriated to himself by Stockwell.

Q. Do you know whether or not Stockwell was a gainer or a loser in the summer or fall of 1872 by operations in the stock of the Pacific Mail Steamship Company?—A. I should suppose from all accounts (although I had no actual knowledge) that he was a gainer at that time.

Q. Have you any personal knowledge what his condition was in respect to operations in the stock of the company in the spring, summer, and fall?—A. In the spring, I should suppose, he was a gainer, but in the fall he was a large loser, I should suppose. My only knowledge on the subject was from common report.

Q. State whether, from your knowledge as a member of the board of directors or otherwise, you have reason to believe that the board of di-

rectors, or the executive committee of the board of directors, had any knowledge of the expenditure made to obtain this subsidy until after the law was passed, and prior to the time of which you speak.—A. I cannot speak in behalf of the executive committee, as I was not one of them.

Q. Well, my question covers the whole so far as your knowledge goes.—A. In behalf of the board I can unhesitatingly say, at any regular meeting of the board when I was present, no knowledge was brought to the board in connection with the large expenditure; on the contrary, I think it has always been regarded by the board, or the members of the board, as an amount of money that was abstracted from the company without any authority, and for which those connected with it are amenable to law.

Q. You say no knowledge came to the directors as a board. Do you mean to leave it to be inferred that individuals of those directors knew what was going on in relation to those expenditures?—A. I think I can say that individually I have no knowledge of any one of the directors having any knowledge of that large expenditure.

Q. Then, in your opinion, when the discovery of those expenditures was made, it was a surprise to the board of directors during the time that the expenditures were incurred?—A. It was a very great surprise.

LE GRAND LOCKWOOD recalled and further examined.

By Mr. KASSON:

Question. State, if you please, what your business was in the early part of 1872.—Answer. Banker and broker; a member of the firm of Lockwood & Co.

Q. Was any member of the firm connected with the Pacific Mail Steamship Company, as officer or director?—A. In the summer of 1872 my father was a director, he being a member of the firm of Lockwood & Company, at that time.

Q. State when he became a director, and when he ceased to be a director.—A. He became a director, I think, about November 20, 1871, and he ceased to be a director when he died, which was on the 24th of February, 1872.

Q. Can you state whether or not he was a member of the executive committee?—A. He was chairman of the executive committee.

Q. Can you tell when he ceased to appear at any of the meetings of the committee or the board?—A. I cannot tell you when he ceased to appear; he was sick some two weeks before he died, and he died on the 24th of February.

Q. Then was he, or was he not, present at a meeting of the executive committee on the 14th of February?—A. He probably was not.

Q. In pursuance of the inquiry put to you on Thursday, I will be glad if you will please state whether your father, as a director, so far as you know, concurred in the action indicated by the resolution of February 14, authorizing the disbursement of money for attorneys' fees and "other necessary expenses" at Washington; in other words, so far as you know, had he any knowledge of the operations going on under the direction of Stockwell through Irwin?—A. I had a talk with my father before he was taken sick, about it, in which he said that he understood that Mr. Stockwell was going to spend a large amount of money to have this subsidy carried in Washington, and that he and Billings wished to have it distinctly understood that they were to have nothing whatever to do with it.

Q. Did you understand that he supported or differed from Mr. Stock-

well in the management of the company?—A. He differed with Stockwell almost entirely in purchasing stock for the company at about 50, when my father thought the stock was not worth half that amount of money, and Mr. Stockwell and he had quite high words on the subject. Mr. Stockwell told him that if he did not think the stock was worth what it was selling for, and would not do as he wished, that he must leave the board; my father told him that he would not, that he was put there as a trustee, and he should stay there and look after him, Stockwell.

Q. So far as you know, were the operations of Stockwell through Irwin, as they are now developed, in procuring the subsidy known and supported by the executive committee or the directors?—A. So far as my opinion goes——

Q. I don't want any opinion unless it is based upon some knowledge of the facts obtained from the directors.—A. Well, as I said before, Mr. Stockwell in a law-suit in March, 1872, gave all of us to understand that Irwin was in Washington endeavoring to get the subsidy. Further than that I don't know anything at all.

Q. It was not developed at that time whether there was a large or a small sum being expended for that purpose?—A. No, sir.

Q. You knew nothing of that?—A. No, sir.

Q. So far as you know from conversation with the directors, your father and others, the directors knew nothing of it?—A. No, sir; not of the amount.

Q. Now recur to the subject on which you were examined on Thursday, and state whether you find any trace upon the books of Lockwood & Co. of the checks for \$200,000 referred to on Saturday as coming through Mr. Roach or Mr. Stockwell.—A. I find no trace of any checks coming from Mr. Roach at all. There is a credit on September 4, 1872, to an account called "change" on our books, for \$200,000, a check drawn on the Oriental National Bank of New York; and there is also a corresponding debit of \$200,000 of a check drawn by us in favor of the Pacific Mail Steamship Company.

Q. That closed the account called "change" by balancing it?—A. Yes, sir; so far as that item was concerned.

Q. Then that check went to the credit of no person on your books?—A. No, sir; it did not.

Q. You are sure that the check was drawn in favor of the steamship company, and not of the president of the company individually?—A. I have not seen the check and consequently I could not swear to it, but I have not the slightest doubt of it.

Q. Is the check in your possession?—A. Yes, sir; it is in my possession, but I don't know where it is.

Q. It could be found?—A. I suppose it could.

Q. Is there any other item of \$200,000 on that day?—A. There is not, sir.

Q. You have no doubt, then, that that was the check \$200,000 about which we are inquiring?—A. Not the slightest.

Q. Have you the stubs of the check-book?—A. Yes, sir; but the check-book would only show exactly what I have told you.

Q. Would not the stub show in whose favor it was drawn?—A. No. This book that I have looked at is a little fuller than the check-book.

Q. Then you are sure that the check-book was really to the order of the Pacific Mail Steamship Company, instead of to the order of A. B. Stockwell; that is the point we are inquiring about?—A. I have not the slightest doubt that it was drawn to the order of the Pacific Mail Steamship Company.

RUFUS HATCH recalled and further examined.

By the CHAIRMAN :

Question. If you have made any examination in reference to this exchange of checks for \$200,000, state whether you find on the books of the company any trace of \$200,000 received through a check from Lockwood & Co., on or about September 4, 1872.—Answer. No, sir; there is none; the only entry of \$200,000 about that time was the sale or proceeds of 1,600 shares of Panama.

Q. I ask now as to the proceeds of a check from Lockwood & Co.—A. There is no check from Lockwood & Co., nor any other check of that amount, nor any checks to make that amount.

HENRY B. LAIDLAW sworn and examined.

By the CHAIRMAN :

Question. Please state your occupation and place of business.—Answer. Banker, at 33 Pine street.

Q. Do you know the firm of Lees & Waller, doing business in 1872?—

A. I did know them; I was not a member of that firm at that time.

Q. From the testimony of the president of the Bank of America, it appears that a check for \$14,500 upon the American Exchange National Bank was deposited by the firm of Lees & Waller with the Bank of America on or about February 27, 1872. State what you know, or what the books and papers of Lees & Waller show, in regard to such a check.—A. The letter-files and the books show the receipt of a check from Richard B. Irwin, sent in a letter to us from Washington, dated February 26, 1872. The letter in full reads :

Messrs. LEES & WALLER :

DEAR SIR: Inclosed please find check \$14,500, for which please return me your sight exchange on Bank of California, favor Edridge & Irwin, \$13,000 coin, and currency check for the balance, and oblige,

Yours, respectfully,

RICHARD B. IRWIN.

Q. Was there any correspondence preceding that?—A. There was a letter of date February 23, in which he asks us, "What will be the cost in currency of your coin draft on San Francisco, sight, for \$13,000? I would like to send for same, with remittance, immediately on receipt of your reply."

Q. Is there any other correspondence between the firm of Lees & Waller and Irwin in 1872?—A. There is one letter of date, apparently, February 28, saying, "Yours of the 27th, with inclosures, came to hand this morning;" the inclosures being the draft that he had asked for.

Q. Where were those letters dated?—A. At Washington.

Q. Are there any other letters among the files or papers of Lees & Waller?—A. There do not appear to be any others.

Q. For what period have you examined?—A. The letter-file runs from 1870 to the present time.

Q. That was the only transaction that that firm had with him?—A. It appears to be the only one of that kind.

Q. You have given the correspondence; state what you did.—A. I presume we drew the draft on the Bank of California, in favor of Edridge & Irwin, for \$13,000 gold, and sent it to Mr. Irwin in Washington.

Q. Can you produce that draft?—A. It must be in the possession of the Bank of California.

Q. It is not your custom to have the drafts drawn by you upon that bank returned to you?—A. It is not our custom.

NEW YORK, *January 2, 1875.*

S. L. PHELPS sworn and examined.

By Mr. BURCHARD.

Question. State your business.—Answer. I have no business now. I was second vice-president of the Pacific Mail Steamship Company in 1872 and 1873, and until May, 1873.

Q. Commencing at what time?—A. I cannot tell the exact date. I entered the service of the company at the end of 1864, and remained in it till the end of May, 1873.

Q. Were you a member of the executive committee in 1872?—A. No, sir; I had nothing to do with it.

Q. What were the duties of your office?—A. My duties were more particularly confined to the China line. I had no duty whatever with any other portion of the line, except under the special direction of the president and board of directors. My duties were generally in China and Japan. I was general superintendent of the line.

Q. Did the disbursement of money pass through your hands?—A. No, sir.

Q. Did the agents of the company report to you in reference to your business?—A. Yes, sir. The reports of the agents there first went through me to the office in New York.

Q. Was it the duty of your office to pass on their accounts?—A. Yes, to canvass the accounts.

Q. Were the accounts, which were sent by the San Francisco agency, required to be checked and allowed by you before they were passed?—A. I had nothing to do with the San Francisco agency, only with the China and Japan agencies. My supervision was only in the East. I had nothing whatever to do with the San Francisco agency, except when specially directed by the president to attend to some particular matter, but not in a general way.

Q. You have asked to be permitted to appear here, and you can state for what purpose you did so.—A. I find in Mr. Baby's testimony that he says that Mr. Phelps wanted to charge \$200,000 against his account; that he does not know whether I was jesting or not, and that he believes that I was acting in Mr. Stockwell's interest, trying to get up a report. I went to see Mr. Baby yesterday and asked him about it. He told me that his testimony was unfairly reported in the papers, and he was to meet me this morning at half past ten o'clock at the Central Pacific Railroad Office, in Nassau street, to come up here. I was there at the time appointed, and remained till twenty minutes past twelve; but Mr. Baby did not appear. I hoped to find him here, but I find he is not here. He told me yesterday that he recollected my saying something of that sort to him in jest, and that he also recollected my telling him that that report of Mr. Irwin was a thing which I would not sign, or he either. I have procured from Mr. Bellows, who was vice-president at the time, a letter which I would like to have put on the record.

[The letter was submitted to the committee, but the committee declined to admit it.]

Q. Is there anything further which you wish to state?—A. Yes; I have to state that I had nothing whatever to do with the New York

office of the Pacific Mail Steamship Company or its accounts. I wrote Mr. Stockwell's report, which he made to the stockholders in May, 1873, but it was simply putting his dictation into form. I had nothing to do with the details of the report further than to put it in form. I did not make up the financial part of the statement at all. It was given to me by him. I said to Mr. Stockwell, is it possible that you intend to sign that report with that \$6,000 charged to the San Francisco agency? He said, certainly, it was all right; it was expended for the benefit of the China line. I took particular pains to criticize that report, and to state the character of it to some members of the board of directors, whom I best knew, so that there should be no misunderstanding on the part of the board as to my view in reference to that report.

Q. You say you told Mr. Baby that you would not sign that report?
—A. Yes.

Q. Why would you not sign it?—A. Simply because I did not consider it a fair report.

Q. What was there in the report which you particularly excepted to?
—A. Well, it was a misrepresentation. It was a report calculated to deceive the stockholders as to the result of a purchase that had been made by Mr. Stockwell of steamships belonging to another line.

Q. By whom were you elected or appointed second vice-president of the company?—A. I was simply appointed by the consent of the board of directors. It is not an elective office like that of vice-president.

Q. In the absence of the president and the first vice-president you would be the president of the company?—A. I presume I would be.

Q. And you were aware that this was a false report made by Mr. Stockwell?—A. No, sir; I did not say that it was a false report; I have not used the term "false;" I said that it was a report calculated to deceive the stockholders, although I do not know that there was a single item in it that was false.

Q. You would not sign it?—A. No, sir, because I thought it was unfair.

Q. You say that you criticised the report and informed the directors?—A. So far as I knew them.

Q. Whom did you inform?—A. I informed Mr. Williams, who seemed, at the time, to be active in the direction, and I informed Mr. Clews and Mr. Kingsland, who were the members of the board whom I knew best.

Q. State what those items were about which you were dissatisfied.
—A. I was dissatisfied with the representation of the value of the California coast line with reference to the ships which had been purchased from the New Zealand Company, and I was particularly struck with this \$600,000 which was charged to the San Francisco agency.

Q. Did you criticise this matter to the directors?—A. Yes, to Mr. Williams, Mr. Clews, and Mr. Kingsland. They were a select committee of the board having charge of the purchase of the New Zealand steamers, and therefore I knew them better than the others. I have not been in New York except on rare occasions, and I had very little knowledge of the directors.

Q. When was that?—A. In May, 1873.

Q. Who was Mr. Williams?—A. He is a gentleman doing business in Pearl street. He was a director in the company for a short time only. This was about three or four years before I left the service.

Q. What knowledge have you in reference to the disbursement or appropriation of money belonging to the Pacific Mail Steamship Company for the purpose of procuring legislation from Congress during

the time that you were second vice-president?—A. I have no knowledge of my own directly.

Q. Have you any knowledge from the statement of any officer of the company or of any person in the employ of the company?—A. Yes. Mr. Stockwell, in a conversation relating to the San Francisco agency, clearly admitted to me the expenditure of money in Washington.

Q. State what he said, as nearly as you can.—A. There is but one thing which I can state directly. He told me that as there was to be a congressional investigation about the subsidy, he supposed he would have to send Mr. Irwin out of the country and keep him away for a while.

Q. When did he make that statement to you?—A. I think it must have been in August or September, 1872.

Q. Prior to September, 1872, where were you located?—A. In China and Japan.

Q. Were you absent from New York prior to 1872?—A. Yes.

Q. Then you have no personal knowledge of what took place in Washington?—A. None whatever.

Q. And you had at the time no information in reference to the expenditure of money there?—A. None whatever.

Q. Have you any knowledge other than you have communicated, in reference to the admission of Mr. Stockwell?—A. No, sir. There is one matter which bears somewhat on that Washington business. It occurred prior to it, but may be regarded as a knowledge or indication, at all events. It is within my knowledge that Mr. Irwin, when he had failed at the second session of Congress in getting the subsidy, came back here and reported to Mr. McLane, who was then president of the company, that in his opinion, and in the opinion of those who knew most about such things in Washington, the subsidy could not be obtained without the expenditure of half a million dollars; that Mr. McLane reported the substance of that statement to the board of directors, and stated that he was opposed to anything of that kind; and the board of directors voted down the proposition entirely.

Q. Was that fact noted on the minutes of the company?—A. I do not know that; Mr. McLane stated it to me.

Q. You never examined the minutes of the company to know whether there was any record of it?—A. No, sir. I ought to say in this connection that the impression was made strongly on my mind that Mr. Irwin himself was not an advocate of the proposition.

Q. At what time was this statement made to you by Mr. Stockwell?—A. It is positively wrong for me to say it was a statement. It is difficult for me to fix the date, but it was between early in August and the latter part of September, 1872; for that was the interval of time that I spent here.

Q. Did you establish the China line and make all the expenditures there?—A. Yes, sir; I established the trans-Pacific line. I had nothing to do with anything else. I was not in the country when these things were transpiring.

By Mr. KASSON:

Q. Why did Mr. Stockwell state that he supposed that there would be a congressional investigation?—A. It was a matter of general talk. I had been in Washington and had heard it generally spoken of as being a thing that was certain to take place. I cannot be more positive than that.

The subcommittee adjourned, to meet in Washington on Wednesday January 6, 1875.

WASHINGTON, D. C., *January 6, 1875.*

CHARLES ABERT sworn and examined.

By Mr. KASSON :

Question. Where do you reside ?—Answer. I reside in Montgomery County, Maryland.

Q. Were you a resident of Washington in 1872 ?—A. No, sir; I have not been a resident of Washington since 1861.

Q. Where was your place of business in the spring and summer of 1872 ?—A. I was employed here in Washington.

Q. And in what business ?—A. I was employed on various business, but I will state that I was the agent or attorney for the Pacific Mail Steamship Company from 1860 down to September, 1873.

Q. Have you an office in Washington ?—A. No, sir; I only came in as business called me here. My home is about fifteen miles from here.

Q. Your business was conducted by correspondence ?—A. Partly by correspondence and partly in person.

Q. From whom did you get your instructions in regard to the business of the Pacific Mail Steamship Company in the spring of 1872 ?—A. From Mr. Bellows principally, and from Mr. Stockwell.

Q. Did you receive instructions in person or by letter ?—A. Sometimes by letter and sometimes in person.

Q. Did you have interviews with Mr. Richard B. Irwin in connection with that business ?—A. I did.

Q. What were your duties or functions in connection with the business of the Pacific Mail Steamship Company in the spring of 1872, prior to July 1872 ?—A. I was Mr. Irwin's counsel in connection with that matter.

Q. Were you aware that at that time there was pending an application in Congress for a subsidy ?—A. I commenced that application as the counsel and agent for the company in December, 1871.

Q. What aid did you give Mr. Irwin in the procuring of that subsidy ?—A. I aided him as his counsel in advising him and in collecting statistics, procuring papers, and the general duties of counsel in such matters.

Q. You directed him as to the course he should pursue ?—A. I cannot say that I directed him in the course he should pursue. I was managing the case until February, 1872, as, I believe, the sole agent of the company for that purpose. About the first part of February, 1872, I was superseded, and Mr. Irwin was put in sole control of the matter, and I was requested by him to aid him as counsel. I was considerably disappointed and mortified at being removed, but the company continued me as its agent, as heretofore, for general departmental business, and at Mr. Irwin's request I aided him as counsel in the matter until the conclusion of legislation thereon.

Q. Did you also act as disbursing agent for any expenses in connection with it ?—A. I did.

Q. To what amount of disbursements ?—A. I cannot state positively, for I have not any memorandum with me.

Q. You have an idea about how much ?—A. Something over \$100,000; I cannot say exactly.

Q. Was it less than \$150,000 ?—A. I should think it was.

Q. Was it less than \$125,000 ?—A. I do not think it was.

Q. Then you think it was between \$125,000 and \$150,000 ?—A. Yes.

Q. Covering what period of time were those disbursements ?—A. They were made at different periods during the progress of the case.

Q. Between what dates?—A. Some time between February and the latter part of June.

Q. You would say, then, that the period of disbursement was between 1st February and 1st July?—A. Between 2d February and 1st July.

Q. You disbursed nothing connected with the transaction after 1st July?—A. I think there were some small disbursements made after that time.

Q. And prior to what time? Fix the last limit as nearly as you can.—A. I cannot say definitely, but would state that it was not later than September of that year.

Q. Were the moneys which you disbursed received by you in checks or in cash?—A. Sometimes by check and sometimes by cash.

Q. Can you state what amounts you received by checks or give any round sum which you received by check as nearly as you can recollect?—A. I cannot.

Q. Can you not state the largest sum you received by any one check?—A. The largest sum in any one check was \$100,000.

Q. And that check was sent by whom?—A. That I cannot tell you; I mean by that that I do not recollect.

Q. From whom did you receive it?—A. I received it from Irwin.

Q. Can you give the date when you received it?—A. The 27th May.

Q. Did you receive it by letter?—A. I received it personally.

Q. At Washington?—A. At New York.

Q. On what bank?—A. The American Exchange National Bank, or the Merchants' Exchange National Bank, New York; one or the other.

Q. What other considerable sum do you remember receiving by check?—A. There was a sum of money received by check on the 15th May, I think for \$50,000 or \$60,000.

Q. Did you receive that check by letter or in person?—A. I received that in person, in New York, to deliver to Mr. Irwin.

Q. From whom?—A. Either from Mr. Stockwell or Mr. Bellows; I cannot say positively which; it was one or the other.

Q. And that check you gave as a check or as money which you drew upon it, to Mr. Irwin?—A. My impression is that I gave Mr. Irwin that check.

Q. Did it bear your indorsement? Was it payable to your order?—A. That I do not recollect.

Q. But you did not draw the money yourself on that check?—A. I think I handed Mr. Irwin the check, and if it required my indorsement, I, of course, indorsed it, but I do not recollect.

Q. Do you recollect on what bank that check was drawn?—A. I do not.

Q. The check for \$100,000, you drew the money on yourself?—A. I did.

Q. Where did you take that money?—A. I brought that money here.

Q. And to whom did you deliver it in Washington?—A. I was directed by Mr. Irwin, as his counsel, to make certain payments here. Mr. Irwin, I understand, has declined to state to whom he made payments, and therefore I feel a hesitancy, as counsel, in answering that question, as to whom those payments were made, in view of my relation to him as counsel, further than to say, in defense of my own reputation, that not a cent of that was paid with any agreement or understanding or expectation that it would ever reach any member of Congress. I will state on that point that, presuming I should be interrogated on that, I have called on Reverdy Johnson for his opinion as to the duties of counsel in such matters, and expected it to arrive this morning. I am not a very experienced lawyer, or I should have decided the question on my own responsibility, and I thought that, as the ques-

tion would very likely be put to me, I should be prepared with an opinion from a gentleman whose standing is known throughout the country, and I have written to him for his opinion on that point.

Q. I will pass that for the present and ask you of what bar are you a member?—A. I was admitted to the bar of the courts of Washington in 1845. I have not practiced before any of the present courts of the District of Columbia. I am a member of the bar in Rockwell, in Montgomery County, Maryland.

Q. Have you practiced in any of the courts in Washington during the last twelve years?—A. No, sir.

Q. Have you practiced in Montgomery County?—A. Yes; I reside four miles from the county-town, and am a member of the bar there.

Q. In what sums did you pay out that \$100,000?—A. I have no memorandum here, and my memory would not guide me with any accuracy.

Q. Do you recollect the largest sums you paid to any one person?—A. I do not.

Q. To whom did you render any account of those disbursements?—A. To Mr. Irwin.

Q. Any one else?—A. No, sir; I was not responsible to any one else. When I was removed in February, I considered my direct communication with the company in connection with the subsidy as entirely closed. I was removed entirely, and would have gone to my home in Maryland, but that Mr. Irwin desired me to remain with him. I will state further that Mr. Irwin is a relative of mine.

Q. To how many persons did you make payments from that sum of \$100,000?—A. To from fifteen to twenty, I suppose.

Q. Were those persons residents of the city of Washington?—A. Some of them were and some of them were not. Some of them I never saw before and have never seen since.

Q. In what State did those persons reside who were not residents of Washington?—A. That I do not know.

Q. But the names of those to whom you made payments were all given to Mr. Irwin, were they?—A. They were.

Q. He knows to whom you made these payments?—A. He knows to whom he directed me to make payments. They were made under his direction as counsel, and the receipts were taken and furnished to him.

Q. As to the \$50,000 or \$60,000 which you received on the 15th of May, what was done with that?—A. I paid it to Mr. Irwin, as before stated.

Q. You made no disbursements of that sum?—A. I do not know whether I disbursed any of that or not.

Q. But you delivered it all to Mr. Irwin?—A. I did. I do not know whether it was \$50,000 or \$60,000.

Q. Was the other sum which you received for disbursement in excess of that \$100,000 received in cash? You say that you disbursed from \$125,000 to \$150,000.—A. I believe that I have stated that that was the only check which I received.

Q. The rest was handed to you in money?—A. Yes.

Q. By whom?—A. By Mr. Irwin.

Q. To be disbursed under his direction?—A. Yes.

Q. Were those payments made to persons resident in Washington?—A. Some of them were and some of them were not.

Q. Were they made to the same persons who received the other sums of which you have spoken?—A. I do not know whether any of those were persons who had received sums of money from me before or not.

Q. Recall, if you can, whether they were in part the same persons.—
A. Several of them were.

Q. Do you wish to make the same statement in reference to the persons receiving these payments that you made respecting those who received payment out of the \$100,000?—A. I want my answer in reference to that matter to cover the whole of the disbursements that I made.

Q. You had better repeat that statement, or put it in the form in which you wish it to stand.—A. It is already just as I desire it to stand, in answer to the former question.

Q. Did you receive any sums prior to the 15th of May either from the Pacific Mail Steamship Company or from Mr. Irwin?—A. I think I have mentioned that I made some disbursements prior to the 15th of May. They were small amounts.

Q. Were those disbursements made to the same persons of whom you have spoken in answer to the other two questions?—A. I think not; I cannot be positive at this time.

Q. Do you recollect to whom the payments were made?—A. I could remember to whom some of the payments were made.

Q. Are you willing to state to whom any of those payments were made?—A. No, sir, because all of them were made by me in the same capacity.

Q. Do you mean to say that as to all the payments made prior to the 15th of May, you wish to make the same statement as you made in reference to the other two?—A. Yes, sir; I paid a good many of Mr. Irwin's household expenses, house-rent, and various matters, which were not inconsiderable, for he is a gentleman who has always lived in proportion to his means, and his means have been comfortable.

Q. Will you state what amount you received for your own services in connection with the transaction?—A. I will state that when I commenced the case, my agreement with Mr. Stockwell was that I was to receive \$1,000 in cash, and \$30,000 if successful. The \$1,000 was paid to me in cash; the other was not paid because I was superseded. With reference to the payments made to me by Mr. Irwin, they were between \$5,000 and \$7,000, as my counsel-fees. I have no hesitancy in stating myself what I received.

Q. That amount will cover all that you appropriated to your own use, or that you were paid for your own use in the transaction?—A. Yes, sir; to the best of my recollection.

Q. With whom was that first agreement that you have stated?—A. With Mr. Stockwell, personally.

Q. When was that?—A. That was in December, 1871. I will state that I never had a written agreement with Mr. Stockwell, but he paid me this \$1,000 as a retaining-fee, and he was to arrange with the company to pay me the balance on the passage of the act.

Q. Did you ever apply to the company for any further payment?—A. I did not, because I deemed it useless. I had no agreement, no written contract, nor did I have any evidence to sustain me. Further, I was continued as the counsel of the company until 1873. The company then, for economical reasons, reduced its employés, and for that reason, as stated in the letter to me, I was removed.

Q. Do you recollect the names of the persons to whom you made the payments of the \$100,000?—A. I do not recollect them all.

Q. You have a list of them?—A. I have not a list of the Christian names of all of them.

Q. But you have a list of their surnames?—A. Yes, sir.

By Mr. BECK :

Q. That \$100,000 which you received, you drew out of the American Exchange Bank of New York, on the 27th May?—A. That is my recollection.

Q. On the check of Mr. Irwin?—A. I believe on the check of Mr. Irwin.

Q. You have read the testimony, I suppose, taken before this committee where Mr. Irwin had deposited \$750,000 in that bank on 27th May; and among other items were three items of \$125,000, \$100,000, and \$100,000 drawn out on that day.—A. Yes, sir.

Q. Who drew the \$125,000 on that day?—A. I will tell you in a moment, [after some consideration;] it is some time ago, and I want to be accurate. My recollection is this: that \$125,000 was given to me first on that day. Whether it was given to me by check or in money, I cannot positively say. Mr. Irwin was about departing for California, and my interview with him was short and hurried. I had no chance for a consultation, or for anything like deliberate reflection. He required \$100,000 of that \$125,000 which I had received, and then, according to the best of my recollection, he gave me a check for \$100,000, making the amount coming to me still \$125,000. The bank was unable to pay that check immediately. I intended to have left New York that morning for Washington, but the bank asked me to hold on to the check for some hours, which made me lose the train for Washington, so that I could not leave until night, and in the course of the day the bank paid me that \$100,000, making the whole amount coming to me for disbursement on that day \$125,000.

Q. Then you were mistaken in your statement to Mr. Kasson that you only got \$100,000 at that time?—A. I do not think that was my testimony.

Q. You now say, however, that you got \$125,000 on that day?—A. Yes sir; let me again make my statement. I do not recollect whether the \$125,000 first given to me was by check or in money; but I did receive \$125,000; then Mr. Irwin required \$100,000, which I gave him, and he gave me a check for that amount, still leaving me \$125,000 to disburse under his directions.

Q. But you stated a moment ago that you drew \$100,000 on a check?—A. Yes, that is what I say now; there cannot be any conflict, I think, in what I have stated.

Q. [Referring to a bank-book.] On the 27th day of May a check for \$125,000 was drawn out of the American Exchange National Bank, another check for \$100,000, and still another check for \$100,000. We have already proved that \$100,000 was drawn by one A. H. Whiting on that day.—A. I know nothing about that.

Q. This other \$100,000 you drew?—A. Yes, I suppose so. I have stated that I received \$125,000 on that day, but I do not know whether I received it on a check to my order or whether the cash was handed to me, but I handed to Mr. Irwin \$100,000, for which amount he gave me a check, and one of those checks for \$100,000 to which you refer, may be that check.

Q. So that in fact the whole \$225,000 was drawn out between you and Irwin on that day, of which amount Irwin got \$100,000 and you got \$100,000?—A. Yes.

Q. And did you on that same evening yourself, on the written order of Mr. Irwin, balance his book with that bank?—A. I do not recollect that I did.

Q. You were in the habit of doing that for him frequently I see, in

the Metropolitan Bank of Washington and elsewhere.—A. I have balanced his bank-account in the Metropolitan Bank here.

Q. Did he not start for Philadelphia before the close of bank hours on the 27th of May?—A. He left at noon of that day.

Q. Leaving you in New York?—A. Yes.

Q. His bank-account with the American Exchange Bank was, as you may observe, balanced on that day, and the vouchers returned; are not you the gentleman with whom the bank balanced that account, and to whom these vouchers were returned; if not, who else could do it?—A. All I can say is that I may have done it, but I do not recollect it; if I recollected it, I certainly should not hesitate in saying so.

Q. Did you not afterward, on the 29th of May, after the check for \$275,000 to Schumaker, and the \$115,000 check to King, were drawn out, again balance the books and receive the vouchers, while he was on his way to California?—A. I was not in New York on that day and cannot tell.

Q. Have you never had his bank-book with the American Exchange Bank?—A. Not to my recollection. If you have any evidence which will refresh my memory on the subject, I will be glad to have it.

Q. The fact is that Mr. Irwin left New York at noon on the 27th.—A. Yes.

Q. Before you got your money?—A. Before I got that \$100,000, of course.

Q. I refer you to the letter written by you to the American Exchange Bank, asking the bank to send his statement, and signed R. B. Irwin, by Charles Abert. Do you recollect that letter?—A. I do not recollect receiving that statement. I presume Mr. Irwin received it himself. The letter was written by me for him, and I presume the papers went to him. I have no recollection as to examining Mr. Irwin's bank-book at all.

Q. However, the main fact is that this \$225,000 was drawn by you and Mr. Irwin on that day?—A. Yes.

Q. And you have forgotten whether you got the vouchers in settlement that evening or not?—A. I have.

Q. Do you know of any other bank-account which he had in New York?—A. I do not.

Q. You have had a power of attorney to settle up his books?—A. I had a power of attorney with reference to his account in the Metropolitan National Bank of this city, but I had no power of attorney with reference to the American Exchange Bank in New York.

Q. You did settle up his account with the Metropolitan Bank of Washington under power of attorney?—A. Yes.

Q. And did draw his balance on checks signed R. B. Irwin by you?—A. Yes.

Q. So that your relations and his were very close and very confidential?—A. Yes, he is a nephew of mine, in addition to my being his counsel.

Q. Were you with Mr. Irwin when he deposited that \$750,000 on that day?—A. I knew nothing about that \$750,000 until I saw it in testimony since this investigation commenced.

Q. When he started off that day at noon to go to California, did he not leave you as his agent to attend to his bank-account, and to close up his business in New York?—A. I do not recollect closing up his account with that bank at all.

Q. How long did you remain in New York at that time?—A. I left on that same evening, the 27th.

Q. Do you recollect seeing a man named A. H. Whiting, who had a check for \$100,000 on that bank, that day?—A. No, sir.

Q. Do you recollect Mr. Irwin telling you anything about him?—A. No, sir.

Q. There are two other checks, one for \$11,500, drawn on that day on Mr. Irwin's account. Do you know who drew that check?—A. I know nothing about it.

Q. What other bank besides the Metropolitan National Bank of Washington had Mr. Irwin an account in, so far as you know?—A. I know of none other than the bank here and the American Exchange National Bank of New York.

Q. Why was a power of attorney given to you to settle up his business at the Metropolitan National Bank of Washington?—A. He was in haste to get away, and there were a good many little accounts here connected with his leaving which he desired to settle, and he left me to attend to them, which I did.

Q. Do you recollect what balance he left subject to your draft on that bank?—A. I do not; the books will show that better than my recollection.

Q. Have you the checks which you yourself took up when you drew that balance?—A. I think the checks are all in the bank. I called on the bank for settlement of Mr. Irwin's account about the time of his departure from here and subsequently, and they stated at the bank that they had sent the books to him. Nothing further was done after their presenting me with the balance to be returned to Mr. Irwin. The checks which were in the bank are still there, I believe. I do not think that I have any of them.

Q. So that instead of \$100,000 received in May, to be disbursed among the persons here in Washington, you in fact received and disbursed \$125,000 which you received on the 27th of May, to persons here in Washington, by Mr. Irwin's order?—A. I think that was my statement.

Q. And you had disbursed some \$50,000 before to other persons?—A. No, sir; according to my recollection I do not think the whole of my disbursements would amount to that.

Q. You disbursed \$125,000 of money which you received on the 27th of May?—A. Yes.

Q. You had received other money prior to the 15th of May which you had disbursed. You stated to Mr. Kasson that about the 15th of May you had received \$50,000 or \$60,000 personally, which you had handed to Mr. Irwin, and that Mr. Irwin got you to distribute a considerable amount of it.—A. I said that whether I distributed any of that amount or not I did not recollect.

Q. But prior to the 15th of May you had received money?—A. Between the 2d of February and that time I had made some small disbursements.

Q. To how large an amount?—A. I cannot recollect.

Q. Can you come near it?—A. It would not be proper for me to make a guess, for I could not come near it.

Q. You could tell whether it was as much as \$500?—A. Yes, sir, I can tell that.

Q. It was a good deal more than that?—A. Yes, sir; it was more than \$500.

Q. Was it not more than \$25,000?—A. I do not think it was as much as \$25,000.

Q. How much do you think it was?—A. I think that the committee

must see that I am trying to answer these questions truthfully. I do not want, therefore, to give a mere surmise about a matter about which there should be exactitude. I can give no surmise or no guess about what that amount was. I might say that it was less than \$10,000, and that is all I can say.

Q. But what do you say?—A. I cannot say positively what that amount was.

Q. Was it not more than \$10,000?—A. I do not think it was.

Q. You have already stated that you have a list of the men to whom you paid it, and that the men to whom you paid the money received prior to the 27th of May, were in part the same men as those to whom you paid the sum received on the 27th of May, and, with that data, I presume you can tell who they are?—A. If I had the data with me I could tell exactly.

Q. Have you not that data with you?—A. No, sir.

Q. Where is the data?—A. At my home.

Q. Have you not been at home since you were summoned to attend here?—A. I have been.

Q. Was there any difficulty in your bringing that data with you?—A. None at all.

Q. Be kind enough to refresh your recollection by looking over that data, so that you can give us the names.—A. I can do so.

By Mr. NIBLACK:

Q. You stated that you were a relative of Mr. Irwin?—A. He is a nephew of mine, and I have known him from his boyhood.

Q. You stated also that he received \$100,000 the day he left for California of the money to which you have referred as being drawn from the American Exchange National Bank in New York; please state for what purpose he drew that money, if you know.—A. I do not know.

Q. Did he take it with him to California?—A. I think so; my impression is that he went from the bank directly to the depot.

Q. You do not know whether he intended to make or did make any disbursement of it in connection with the subsidy?—A. I know nothing about what he did with that money at all.

Q. The inference would be, if he left immediately for the depot, that the money was not to be expended on anything connected with the Pacific subsidy here in Washington?—A. Unquestionably.

Q. Do you know whether Mr. Irwin was dealing during that spring and summer in the stock of the Pacific Mail Steamship Company?—A. I do not.

Q. If he was, you are not aware of it?—A. I am not.

By Mr. BURCHARD:

Q. Was your first agreement made in Washington or in New York; I mean the agreement with Mr. Stockwell, or with the directors of the Pacific Mail Steamship Company, when you undertook the business?—A. It was made in New York.

Q. And with what officer of the company?—A. With Mr. Stockwell himself.

Q. You say that you were to receive, and did receive, \$1,000 cash?—A. I received \$1,000, and was to receive \$30,000 if successful. A further agreement was that I was to have the sole control of the management of the case, and that no additional counsel was to be employed without my express sanction.

Q. Did that agreement include the disbursement of any money here?

Were you employed to disburse money here in procuring the subsidy?—

A. Not at all. That \$30,000 was my own compensation entirely.

Q. It was simply your own compensation, and not a sum to be disbursed?—A. It was to come to me as my own compensation.

Q. There was no provision in your first agreement that required you to disburse any funds here?—A. None at all. As I stated, I made an express agreement with Mr. Stockwell that no counsel was to be employed here except myself, without my express sanction; and during the time that I was agent and counsel of the company, from December until February, I never employed any one else.

Q. You were simply retained by Mr. Irwin as his counsel and attorney?—A. I was.

Q. Were you paid a retainer by him?—A. No, sir; I was not.

Q. Where was your agreement made with him in reference to the matter?—A. In Washington.

Q. At what time?—A. There was no positive agreement made. He simply requested me to act as his counsel in the matter. When he received that letter on the 2d of February superseding me, I was angry and disappointed, and I expressed my readiness to return to my home in Maryland. Mr. Irwin said that I could be of great assistance to him from my knowledge of the affairs of the company here, and he requested me to act as his counsel, and I did so. There was no agreement as to what I should receive from Mr. Irwin.

Q. Did he disclose to you that he should require your services in the disbursement of money?—A. He did not.

Q. Did your employment or retainer by him include the disbursement of money?—A. It did not; it was solely for my services.

Q. At what time did you commence the disbursement of this money?—A. I cannot give the exact date.

Q. About what time?—A. It must have been in the latter part of February or the first part of March.

Q. From whom did you receive the funds which you first disbursed?—A. All the funds that I disbursed for Mr. Irwin I received directly from him.

Q. From whom did you receive the \$50,000 or \$60,000 on the 15th of May which you disbursed?—A. I have stated that I received that \$50,000 or \$60,000 (I do not know which amount) either from Mr. Stockwell or from Mr. Bellows.

Q. You said that the first money that you distributed you received from Mr. Irwin; then you were mistaken in that?—A. No, sir; I have stated that all the moneys I distributed I received from Mr. Irwin. The amount to which you refer of the 15th of May, I handed entirely to Mr. Irwin, and whether I distributed any of that amount I do not know.

Q. When did you receive, in the first instance, money to disburse for that purpose?—A. In the latter part of February or the early part of March.

Q. And you received it from Mr. Irwin?—A. I did.

Q. Did you deposit any of the money received from Mr. Irwin to your credit in any bank?—A. I do not think I did. I have no recollection of having done so.

Q. Did you not make larger deposits during this period than you had been making prior to it?—A. I made no deposits at all of this money. I paid the money as the disbursements were required.

Q. What am I to understand by that; that you immediately paid out the money when you received it?—A. Yes, sir; that I did not deposit the money.

Q. As you received it from Mr. Irwin you delivered the money over to the persons whom he indicated, without depositing it in bank?—A. Yes.

Q. By whom was the check for \$50,000 or \$60,000, which you received on the 15th of May, in New York, drawn?—A. Either by the president or vice-president of the company.

Q. Was it an individual check or the check of the Pacific Mail Steamship Company?—A. I cannot tell that; I do not know; the check must be accessible, and is the best evidence. I suppose that it was on the company's bank in New York.

Q. Do you know Charles W. Goulding?—A. I think I recollect a Mr. Goulding being in Washington during that period.

Q. Had he any connection with the Pacific Mail Steamship Company in reference to the subsidy?—A. Not to my knowledge.

Q. Do you know of any funds being distributed to him?—A. I do not.

Q. Do you know William S. King?—A. I do.

Q. Do you know of any funds being paid to him by the Pacific Mail Steamship Company, or by Mr. Irwin?—A. I do not.

Q. Do you know A. H. Whiting?—A. If the committee commence by asking questions as to the persons to whom I did not pay money, and if it will go all around, it will by and by obtain an answer which I do not think I am, as counsel, obliged to give.

Q. Do you decline to answer the question, whether you know Mr. Whiting?—A. I do not know Mr. Whiting.

Q. Where did you make the disbursements that you speak of?—A. With one exception, in Washington.

Q. Had you met with the parties to whom those disbursements were made, frequently or occasionally before that?—A. Some of them I never saw before, nor have I seen them since.

Q. Where were Mr. Irwin's quarters at that time?—A. Part of that time he had rooms opposite the Arlington House, and part of the time he had a hired house on I street near Fifteenth.

Q. Were the disbursements made in his room?—A. I think they were.

Q. Was Mr. Irwin present?—A. He was not.

Q. Had those funds been placed in your hands prior to that time by Mr. Irwin for those parties?—A. All the moneys that were disbursed by me had been placed in my hands by Mr. Irwin, and I paid the money to the individuals to whom I was directed to pay it.

Q. Were the payments made after Mr. Irwin had left for San Francisco?—A. A portion of them were made prior to his leaving for San Francisco.

Q. Was Mr. Irwin present when those were made?—A. He was not

By the CHAIRMAN :

Q. You say that Mr. Irwin left New York in the noon train, and that you left in the evening train the same day. You got the last payment of either \$125,000 or \$100,000 after he left?—A. Yes.

Q. Did he leave for California at that time?—A. I believe so.

Q. Directly?—A. That was my impression, that he left direct for California.

Q. Did he stop on the way at Philadelphia?—A. I do not know.

Q. Do you know whether he stopped anywhere on the way?—A. I do not know.

Q. Of course you did not disburse the money until after you received it?—A. Of course not.

Q. And you received it after he left for California?—A. Yes.

Q. And you returned to him receipts from all the persons to whom you paid the money?—A. Yes.

Q. Where was he when you made your returns to him?—A. He was in California, I presume.

Q. Did you do it by letter?—A. I did.

Q. You inclosed to him an account of the persons whom you had paid, and the sums that you had paid them, with their receipts?—A. I did.

Q. He therefore has in his possession the names of all these persons and their receipts?—A. I do not know.

Q. He has had them?—A. Yes, he has had them.

Q. Did he acknowledge their receipt?—A. He did.

Q. Did you pay the entire \$125,000 out in that way?—A. I did not.

Q. How much did you pay in that way?—A. I cannot say precisely. I deposited \$18,500 balance to his credit.

Q. Where did you deposit it?—A. At the American Exchange Bank in New York.

Q. When did you deposit it to his credit?—A. I cannot say positively; their book will show.

Q. (Referring to a paper.) Was it about the 5th of June?—A. Yes, that is the date.

Q. With that exception, did you pay out the entire \$125,000 as indicated?—A. I did.

Q. Did you pay it by checks, or in cash?—A. I believe entirely in cash.

Q. You brought the cash here to Washington and distributed it in bills?—A. Yes.

Q. What was the size of the largest of the bills?—A. I think one thousand dollars.

Q. How much of the amount was in thousand-dollar bills?—A. That I do not know.

Q. Give us your guess.—A. I cannot have any idea.

Q. Was as much as \$25,000 of it in thousand-dollar bills?—A. I cannot say.

Q. Was as much as \$10,000 of it in thousand-dollar bills?—A. That I do not know.

Q. Was there any of it in thousand-dollar bills?—A. There was some of it in thousand-dollar bills.

Q. What makes you think so?—A. Because the bills were in my possession and I saw them.

Q. Then can you not tell within \$10,000 how much of that amount was in thousand-dollar bills?—A. I cannot.

Q. What is your impression?—A. I think it likely that perhaps half the amount was in thousand-dollar bills.

Q. There was about half the amount in thousand-dollars bills?—A. I should think there was.

Q. When did you see Mr. Irwin last?—A. I saw him on the steps of Wormley's House on Saturday afternoon at 3 o'clock just as I was summoned here as a witness.

Q. Before you were summoned or afterward?—A. Just as I was summoned.

Q. Did you have any communication with him after you were summoned?—A. I did not.

Q. Have you had any communication with him in reference to your testimony here?—A. I have.

Q. Has he requested you not to state here to whom you paid this money?—A. He has not.

Q. Do you understand it to be the privilege of the counsel or of the party to withhold communications?—A. I consider it the privilege of counsel.

Q. It is therefore because you fall back upon your privilege as counsel that you withhold what your client has not asked you to withhold, is it?—A. My client has himself declined to answer the question, and that is what causes me to decline doing so.

Q. I understand you to say that your client has not requested you to withhold this information?—A. He has not given his consent to my imparting it; he has left it entirely to my sense of duty.

Q. He has not requested you to withhold it?—A. He has not.

Q. You assume, then, to withhold it without the request of your client?—A. He has not given me his consent.

Q. My question is, has he requested you to withhold it; do you wish to qualify your answer?—A. I wish to qualify the answer by saying that he has not consented to my giving the information.

Q. Be kind enough to answer this question: has he requested you not to give it?—A. I cannot say that he has requested me not to give the names of these parties.

Q. You can say whether he has or not?—A. He has not consented.

Q. That is not an answer. You are a lawyer of long standing and know what the question is. The question is whether he has requested you to withhold those names?—A. I do not think he has.

Q. Now I desire to put a question to you: I do not desire to ask at this time for any confidential communication that Mr. Irwin has made to you, but I wish to ask you a single fact independent of communication that he has made to you as counsel or otherwise. That fact is something that you have done yourself. To whom did you pay that money?—A. That money was paid by Mr. Irwin's directions, not by any agreement between me and the parties.

Q. I have not asked you by whose directions it was paid; the question is a question of fact as to what you have been doing yourself, not as to what has been communicated to you by your client. You say that you have been paying men money which you received from the Pacific Steamship Company in connection with the subsidy. Now, I ask you a fact; I do not ask you anything communicated to you by any client whatever, or that you have learned from your client—nothing at all that has passed between you and your client. I ask you a simple fact: what have you done yourself; to whom did you pay that money?—A. I can only repeat what I have stated before, that Mr. Irwin has declined to answer the question.

Q. I do not ask you whether Mr. Irwin has declined to answer or not. I want to know whether you will answer the question as to what you have been doing yourself; to whom did you pay that money?—A. I consider that an answer, and that question would be violative of the relations between Mr. Irwin and me as his counsel.

Q. I will be satisfied if you simply say whether you will answer it or not.—A. I cannot answer it, as at present advised.

Q. If you paid it to no member of Congress, and if you paid it with no understanding that it would reach any member of Congress, what is there about the transaction that renders it improper for you to state it here?—A. I do not know that there is anything improper in my an-

swering the question, further than as I have stated as to the relations between Mr. Irwin and me as his counsel.

Q. If Mr. Irwin has not requested you to withhold the names of the persons to whom you have paid this money, and if you know of anything in the transaction yourself which renders it improper, why do you decline to answer as to what you have done yourself?—A. I have stated that on that point I have asked the opinion of Mr. Reverdy Johnson as to how far I should be relieved in answering that question from my obligations as counsel. When I stated that Mr. Irwin has not prohibited me from giving that information, he has not, on the other hand, given his consent that I should give it, but leaves it entirely to my sense of justice and my sense of duty as counsel. I will state that had I been called here as a witness preceding Mr. Irwin's examination, I should not have hesitated one instant in answering that question in full; but Mr. Irwin having himself declined to answer the question, I having seen him on that matter, and he having declined to give his consent to my answering the question, I, therefore, as at present advised, hesitate to answer.

Q. Did you ask him for his consent?—A. I asked him for his consent.

Q. What did he say?—A. He left it entirely to my sense of duty as counsel, whether I should do it or not. Before the committee adjourns, I desire to repeat what I said a moment ago, that had my examination as a witness preceded the examination of Mr. Irwin, I should not have hesitated to answer that question in full. I do not positively decline to answer the question, but I await the opinion which I have asked from Mr. Johnson, before answering.

Q. You have stated that you made these disbursements in Mr. Irwin's room, and that many of the men to whom you paid this money you never saw before nor have seen since; how were you put in communication with them in Mr. Irwin's room?—A. They were introduced to me.

Q. By whom?—A. By various parties.

Q. Did you give notice that they should meet you there?—A. No, I think not.

Q. How much time did these disbursements in Mr. Irwin's room cover?—A. I do not know. I think that the last disbursement I made was on the 5th of June.

Q. Who brought any man to your room whom you never saw before or since, and to whom you paid money?—A. Of course there was somebody there to identify them.

Q. Who is the person who introduced a man to you there whom you never saw before or since, and to whom you paid money?—A. The persons who introduced them were persons whom I knew.

Q. Therefore you can tell who they were, and that is what I ask you. You say that many of those men you never saw before or since, that they were introduced to you at Mr. Irwin's room by some other person. Who is the person that introduced them?—A. I would request that the committee wait until I get this opinion from Mr. Johnson, and then I may be able to answer fully to the satisfaction of the committee.

Q. Is there anything between you and your client, any confidential communications between you and him, covering the name of the persons who introduced these parties?—A. I do not know that there is.

Q. Then you can give us the name without any benefit of counsel; you need not ask Mr. Reverdy Johnson whether you can tell that story or not.

Mr. NIBLACK. I move that the committee adjourn for the present.

Mr. KASSON. I think that the suggestion of Mr. Abert will lead him to answer several of these questions, and therefore I submit that the committee take a recess, subject to the call of the chairman.

The committee accordingly took a recess.

The committee re-assembled at 2.30 p. m. The chairman submitted the following communication from the president of the National Metropolitan Bank of Washington:

NATIONAL METROPOLITAN BANK,

(Late Bank of the Metropolis, organized January 11, 1814.)

Washington, D. C., January 6, 1875.

DEAR SIR: In yielding obedience to your summons of the 5th instant to produce the books, &c., of this bank, "showing the deposit and payments of money upon the account of Richard B. Irwin for 1872," I beg leave to remind you that this institution is the custodian of funds of private individuals and business firms, and in view of this fact I respectfully protest against the exposure of their accounts.

Having reason, however, to believe that you will insist upon compliance with the subpoena, I have placed the books, &c., called for in charge of Mr. J. Gales Moore, who is employed in the bank, and will furnish you with such information respecting Mr. Irwin's account as you may demand.

I have the honor to be, very respectfully, your obedient servant,
J. W. THOMPSON, *President*.

Hon. J. G. BLAINE.

Having already taken action in a similar case, the committee resolved to insist upon the production of the books.

J. GALES MOORE, general book-keeper of the National Metropolitan Bank of Washington, sworn and examined.

By Mr. BURCHARD:

Q. Have you the books of the National Metropolitan Bank for the year 1872, or any of them; and, if so, what?—A. I have the deposit-book and what we call the bill-book, and the check-book or the check-journal. And then I have the stubs of three of the draft-books.

Q. Have you examined whether Mr. R. B. Irwin had an account with the bank during that time?—A. Yes, sir.

Q. Have you the account, or a transcript of it?—A. Yes, sir.

Q. Will you produce it?—A. [Witness produces it.] This is a transcript of the account. It is from the ledger, beginning February 14 and ending July 1, 1872. It contains a statement of the deposits and checks paid on the account of Mr. Richard B. Irwin.

Q. The first deposit appears to have been on the 14th of February. Was there any deposit in 1872 prior to that time?—A. No, sir; none.

Q. Had he an account with the bank prior to that time?—A. Yes, sir.

Q. But no deposit in that year?—A. No, sir; not previous to February 14.

Q. Is the account closed; and, if so, when?—A. It was closed on July 1, 1872.

Q. Have you any vouchers or checks showing the disbursement of any of the moneys mentioned in this account?—A. I only have the vouchers from May 22d to the 1st of July.

Q. Will you submit those?—A. Yes, sir.

Q. Have you the deposit-journal?—A. Yes, sir.

Q. What was the total amount of the deposits to the credit of Irwin's account, and in what were they made—in cash or in drafts?—A. He deposited in our bank altogether \$40,500.16, in drafts on New York; but one day he came in with a draft for \$15,000, out of which we paid him \$6,000, leaving \$9,000 of it to his credit, and making the net amount of his deposits \$34,500.16. Then there was a check of \$800 on the First National Bank of this city, which also was deposited.

Q. To whom was the money paid?—A. Do you mean all the checks that were paid?

Q. Were those sums paid to Mr. Irwin or to him and others?—A. I cannot say.

Q. Do your books indicate to whom the payments were made?—A. Yes, sir.

Q. What book?—A. The check-journal.

Q. Have you made any minutes of the parties to whom payments appear from your check-journal to have been made?—A. Yes, sir; I made a memorandum in each case on the transcript of the account.

Q. Will you state to the committee what checks appear from your check-journal to have been paid to Mr. Abert, or to have been drawn payable to his order?—A. That I would have to compare with the account. I put the names on there.

Q. Read the dates and the amounts of those payable to Mr. Abert.—A. On April 24, \$1,000; May 2, \$500; May 6, \$1,000; May 9, \$1,000; May 24, \$100; May 28, \$100; May 31, \$41.67. That is all.

By Mr. BECK:

Q. Where you have a check payable to Charles Abert and then indorsed by somebody else, have you put down both indorsements?—A. No, sir; I have not put both.

Q. For instance, there is Charles Abert and B. E. Martin, \$100; you haven't got Martin's name.—A. No, sir; I didn't put that down.

Q. Does not that indicate that it was indorsed by Abert to Martin and drawn by him?—A. Yes, sir.

Q. The memorandum you furnish us here does not show that fact.—A. No, sir; it only shows that it is payable to Abert. I can make a memorandum of that indorsement here.

Q. Would not that be necessary if you are going to give us a correct idea of it?—A. I took this from the check-journal; it only shows to whom a check is payable; it won't show the indorsers.

Q. And it won't show that Charles Abert drew that money out of the bank himself?—A. No, sir.

Q. You have got to get the check, to show that?—A. Yes, sir.

Q. Who is Mr. Martin?—A. I don't know him, sir, at all.

By Mr. BURCHARD:

Q. What is the character of those checks as indicated by the persons to whom they are made payable, if you have examined them and have any idea what they are for?—A. Yes, sir; I have read quite a number of them that seemed to be in payment of bills, such as grocery-bills, market-bills, board-bills, gas-bills, and printing-bills.

Q. Is that the general character of the account?—A. That appears to be the general character of these checks that we have in our possession.

Q. You refer to checks given since May 22, 1872?—A. Yes, sir.

Q. And you have the power of attorney?—A. Yes, sir.

Q. See if that power of attorney does not authorize the balancing of

the books and the returning of the checks to Charles Abert.—A. The power of attorney does not, but this does.

Q. Read that paper.—A. [Reading.] “My old bank-book having been lost or mislaid, I have this day received a new one, balanced up to date, and all the checks charged therein have been delivered up to me.

“R. B. IRWIN,
“By CHARLES ABERT,
“Attorney.

“22 May, 1872.”

Q. So that the checks were delivered to Abert?—A. Yes, sir.

Q. And the power of attorney is of what date?—A. 22 May, 1872.

Q. Under that he drew out the balance remaining to Irwin's credit?—A. Yes, sir.

Q. Closing it up with those two small checks?—A. Yes, sir; \$967.48 and \$56.05.

By Mr. DAWES:

Q. Do you know what Martin it was that was formerly president of the Ocean National Bank?—A. No, sir; I don't know.

Q. Read the power of attorney.—A. [Reading.] “Know all men by these presents that I, Richard B. Irwin, of San Francisco, California, do hereby authorize, constitute, and appoint Charles Abert, of Montgomery County, Maryland, to draw and receive from the National Metropolitan Bank, in the city of Washington, D. C., any and all sums standing to my credit on the books of said bank, in such sums and at such times as may be required; hereby ratifying and confirming all that may lawfully be done in the premises by virtue hereof. In witness whereof I have hereunto set my hand and seal in the city of Washington, this 22d day of May, in the year of our Lord 1872.

(Signed)

“RICHARD B. IRWIN.

“Sealed and delivered in the presence of—

“B. E. MARTIN.”

WASHINGTON, D. C., *January 7, 1875.*

CHARLES ABERT recalled.

The CHAIRMAN. We left off in the examination yesterday at the question whether you would give us the names of the persons to whom you paid the money received from Mr. Irwin. I will repeat the question.

WITNESS. Before proceeding with that branch of my testimony, I desire to submit to the committee the opinion of Mr. Reverdy Johnson.

I have said that had my examination preceded that of Mr. Irwin, I should have felt no hesitancy in answering the question of the committee as to whom, under Mr. Irwin's direction, I, as his attorney, paid certain sums of money intrusted to me by him for the purpose. As now advised, it appears that I would thus, unknowingly, have violated my duty as counsel or attorney. I have said that I felt a hesitancy in stating to whom payments were made by me, from the fact that Mr. Irwin had declined to answer to whom he made payments; and I say that he did not direct me to pay any sum or sums to any member of either House of Congress; neither did I do so. Nor did I pay any person with the knowledge, understanding, or agreement that any sum or sums were to be so paid.

Mr. Irwin has not forbidden me to name, nor requested me not to name, the persons to whom he directed me to make payments; but, having requested him to give his consent, under the apprehension that, with it, I might answer fully as desired, he has addressed me the following letter:

[Received Tuesday night, January 5, at 2022 I street.]

“WORMLEY’S HOTEL,
“Washington, January 5, 1875.

“MY DEAR SIR: I have carefully reflected upon your request that I would release you from your obligations as my counsel so as to enable you to answer any and all questions that may be put to you by the Committee of Ways and Means. I find myself still unable to express such consent.

“Indeed, I doubt whether any action of mine can change those relations. I can only repeat, that I must leave the decision of the question to your conscience, your own sense of duty, and your own knowledge of the relative rights and obligations of client and counsel.

“I cannot believe that any counsel has a right, under any circumstances, to give up the confidence of his client.

“As this is a matter of great importance to you, as your decision may bring you in contact with the physical power of the House of Representatives; as it involves a question of the highest professional ethics; and as it may affect your whole future career one way or the other, whatever you decide, allow me to go a step further and most earnestly and respectfully advise you for your own sake, and in order that your course may command the continued confidence of your clients and your professional brethren, that before definitely deciding you consult the highest authority in your profession now available.

“Should you act either way under the advice of the Hon. Reverdy Johnson, or Hon. J. S. Black, or any lawyer of similar standing, I should feel that you had a protection against criticism from whatever quarter; and should any lawyer of the standing of these gentlemen advise you to answer all the questions of the committee, I, for one, would feel that you had exhausted your duty so far as I am concerned.

“Personally, as you are aware, I should be glad to release you unconditionally, knowing that your evidence could only confirm mine.

“Very respectfully,

“RICH’D B. IRWIN.

“CHARLES ABERT, Esq.”

It was in consequence of this letter that I wrote to the Hon. Reverdy Johnson as follows, he being personally well known to me for many years:

“WASHINGTON, D. C., January 5, 1875.

“DEAR SIR: I am summoned to testify before the committee of the House of Representatives, now investigating the Pacific Mail subsidy question, and must appear to-morrow. I was of counsel for Mr. R. B. Irwin, who had control of the interests of the company before Congress during the session of 1871-’72. I was directed, in the course of my employment by him, to make payments to certain persons not members of Congress of either House for their aid and counsel in the matter. I desire to have your opinion as to whether, under my obligations as counsel, I have the right to give the names of these persons, if called on to do so by the committee, in the course of my examination. Is it con-

sistent with the relative rights and duties of client and counsel to answer such question? Please give me your opinion fully on the principle involved.

"Very respectfully, yours,

"C. A.

"Hon. REVERDY JOHNSON,
"Baltimore."

Here is Mr. Johnson's reply:

"BALTIMORE, *January 6, 1875.*

"DEAR SIR: Your letter of yesterday is received. If you were employed by Mr. Irwin as counsel, and in that capacity was directed by him to employ other persons and to pay them out of the funds placed in your hands for the purpose, you cannot legally or morally, without his consent, disclose their names. You tell me, and from my knowledge of you I am sure it is so, that you made no payment to any member of Congress.

"Yours, with regard,

"REV. JOHNSON.

"CHARLES ABERT, Esq.,
"Washington."

In the matter of professional confidence between attorney and client, the following took place in the Committee on Banking and Currency of this House in the Ocean Bank investigation, in the month of March of the present year. The witness under examination was John E. Parsons, esq., an attorney and counselor at law in New York, and had acted "as counsel for Mr. Theodore M. Davis, the receiver, (for the bank,) in his capacity as such." The chairman of the committee, I am informed, was Mr. Maynard, of Tennessee.

"NEW YORK, *March 5, 1874.*

"JOHN E. PARSONS sworn and examined.

"Question by CHAIRMAN. Of course whatever you may have received from Mr. Davis in your capacity as attorney for him, as your client, is a matter that the committee will not inquire into, or permit to be inquired into; but aside from that, please state whether you know of any illegal or improper conduct in the management of the affairs of the bank on his part, or on the part of any other official in any way connected with the bank.—Answer. What I know, which has come to me from Mr. Davis himself, I do not feel at liberty to state unless by his consent. I do not know that he will object to my answering any inquiry that the committee may desire to address to me; and if he is willing, I am willing.

"The CHAIRMAN. The objection is not one that is taken for the benefit of the client. It rests on high public policy, which requires for the administration of justice that the communications between client and attorney shall be confidential and shall not be divulged, although the parties do consent.

"The WITNESS. In answer to the question, then, I state that I have had some opportunity of observing Mr. Davis's course as receiver of the bank.

"Q. Anything that you know from Mr. Davis, outside and beyond your relations to him as attorney, is legitimate and proper to be stated."

From the caution which accompanies this question, and the indicated

opinion of the chairman, Mr. Maynard, his views seem fully to accord with the opinion of Mr. Reverdy Johnson, already given.

Where a difference in the course of action on the same point by two committees of the House occurs, both courses cannot be right; and, in my opinion, the House itself should decide which is right.

There is a recognized difference between the position of Mr. Irwin and myself before this committee, in that he was an officer or agent of the Pacific Mail Company, and I was an attorney and counselor employed by him.

"Communications made on the faith of that professional confidence which a client reposes in his counsel, attorney, or solicitor, are not allowed to be revealed in a court of justice." (Phillips on Evidence, vol. 1, p. 162.)

"With respect to the character and situation of the persons receiving the communications, it is to be observed that this professional privilege extends to the three cases of *counsel*, *attorney*, and *solicitor*." (*Ib.*, p. 163.)

Therefore, in the payments made by me, as the attorney of Mr. Irwin, am I not debarred from testifying, especially when, on applying to my client to be allowed to testify on this point, he declines to give his consent. Phillips says, "An attorney will not be allowed, against his client's will, to disclose matters of professional confidence, though himself willing to do so." (p. 163.)

In the Ocean Bank investigation case, already referred to, the witness was not allowed to answer the question as to whether "he knew of any illegal or improper conduct in the management of the affairs of the bank on his [Mr. Davis's] part, or on the part of any other official in any way connected with the bank;" because, what the witness knew, "came from Mr. Davis himself."

Having exhibited to this committee an opposite course of action pursued by it from that adopted by the Committee on Banking and Currency, on the question of professional confidence, I respectfully contend that the House alone can decide which is the right course; and, therefore, before answering the pending interrogatory of this committee, I ask that the committee will obtain the decision of the House on this point, as applicable to my case.

The CHAIRMAN. I will not ask you just now to divulge any communication made to you by Mr. Irwin; but I will ask you to testify to your own acts, without any regard to any communications. I therefore put the question to you, to whom did you pay this money?

WITNESS. It strikes me that that is the very question at issue. I made no payments voluntarily. I made them under the direction of Mr. Irwin.

The CHAIRMAN. About communications between counsel and client, the courts say that these communications are confidential, but I never heard of a court saying that a man can conceal his own acts because his client told him to do them. I ask you now about your own acts.

Mr. NIBLACK. I desire to call the attention of the witness to the distinction that exists between communications made by a client to his attorney and disbursements made by the attorney, simply as an agent. In other words, the duties of counsel do not, as a rule, extend to business of that sort, but simply to advice and general direction.

The CHAIRMAN, [to witness.] Do you hold, as a matter of law, that this committee is not entitled to hear any communications made to you by Mr. Irwin, if both you and Mr. Irwin consent to it? That seems to be the doctrine laid down by the Committee on Banking and Currency in the case to which you have referred.

WITNESS. No, sir; the difficulty in this case is, that Mr. Irwin himself

declined to answer. If Mr. Irwin had not declined to answer, I should not have considered this a privileged question at all.

Mr. BECK. Let me make a suggestion to Mr. Abert. Mr. Johnson says, in his letter, that if you were employed by Mr. Irwin as counsel, and in that capacity were directed by him to employ other persons, and to pay them out of funds put in your hands for the purpose, you cannot legally or morally, without his consent, disclose their names. You recollect that you said to us yesterday that the payments were made by you to men whom you had never seen before or since, in many cases. Does it not occur to you that where payments were made by you to men whom you never saw before nor since, the letter of Mr. Reverdy Johnson does not approach the question at all?

WITNESS. It is not a question of employment by me, certainly.

The CHAIRMAN. Nobody is more desirous than I am myself to guard jealously the rights of a client in the hands of his counsel. They are considered by the profession the most sacred of its obligations, and I for one would not knowingly trench upon those rights. We desire to get at certain acts of yours, which we believe we are entitled to, without regard to the discussion of this question. As Mr. Niblack has said, these acts of disbursement by you cannot, under any construction, be considered as confidential communications between client and counsel.

Mr. KASSON. In the very nature of things, the party to whom the money is paid is as well aware of the fact as the client himself, and therefore it cannot be a personal secret. I hold, further, that universal law requires a counsel in a case in court to testify to a payment which he has made to another party, whether by direction of his client or not, if that question arises.

Mr. NIBLACK. Under the law of my State, a physician is prohibited from disclosing communications made to him by his patients, but that prohibition would not prevent him, if called upon in a proper way, from communicating the fact what medicine he gave to his patient.

Mr. KASSON. Or if a suit was brought by the apothecary who sold the medicine and he should put the physician on the stand, the physician would be compelled to testify that he ordered the medicine.

Mr. NIBLACK. Or take the case of a priest. He may properly refuse to tell what a dying man communicated to him, but that would not protect him from disclosing to the court what became of the money of the dying man that came into his possession, if that became a material question.

The CHAIRMAN. He might be shielded from saying what the dying man told him, but not from stating what he did with the money.

Mr. BECK. The question here does not raise at all the question between attorney and client. We are investigating now what corrupt means have been used to obtain legislation by Congress. Mr. Irwin is in no sense a party to that matter. He is a witness, and this man is a witness, and they cannot constitute the relations of client and attorney in covering up payments made for corrupt purposes. As we are endeavoring to get at the bottom of the question whether corrupt means were used or not, the relations of client and attorney cannot exist in the matter. Congress does not recognize any such thing. It is against public morality for men to come here attempting to influence legislation, and spending money for that purpose. Whether Mr. Irwin employed counsel or not, he could not constitute a relation which would keep Congress from getting at the facts. I therefore go away beyond all this question of attorney and client.

Mr. WOOD. You express my sentiments exactly.

Mr. KELLEY. And I concur entirely.

The CHAIRMAN. I do not doubt a word of what Mr. Beck has said, that this matter is distinguishable from the relations of attorney and client.

WITNESS. I would state that I only want to clear my professional honor and my honor as a man who, up to 52 years of age, has passed through life with his character untarnished. I therefore ask that you will decide the question which I have submitted, and that then you will allow me until Saturday morning to decide fully on my position. I have been suffering from chronic ozena, which has weakened me very much, and I should like to have rest until Saturday morning. I would feel in a different position if I had the decision of the House. I want to feel fully fortified in the matter.

Mr. BECK. Will you abide by the decision of the House?

WITNESS. Do you mean by that that if the House decides I shall answer I will answer?

Mr. BECK. Yes.

WITNESS. I cannot say yes or no to that.

After a short consultation the request of the witness was complied with, and he was excused until Saturday morning.

WASHINGTON, D. C., *January 7, 1875.*

GEORGE W. RIGGS sworn and examined.

By Mr. BURCHARD:

Question. State your business.—Answer. I am a banker in this city.

Q. Examine this check drawn by the Brooklyn Trust Company on the Marine National Bank for \$50,000, numbered 191, and state what you know of any of the indorsements on it.—A. I recognize the handwriting of two of my partners upon it. The indorsement, "Pay Riggs & Co., or order," is in the handwriting of Mr. Kieckhoefer, one of my partners who attends to the correspondence. Below that is the indorsement, "Riggs & Co.," by my New York partner, Mr. John Elliot.

Q. Do you know the indorsement of John G. Schumaker?—A. I am not acquainted with his signature. He presented this check at my office, and he was identified there.

Q. What do you know in regard to this check?—A. It was cashed at the counter of my office on the 31st May.

Q. Who presented it?—A. It was presented by John G. Schumaker, who was introduced and identified.

Q. State all that you know about that transaction.—A. When Mr. Burchard and Mr. Beck called the other day, I said I did not recollect who had introduced Mr. Schumaker, but since then Mr. J. C. G. Kennedy has reminded me that he introduced him. The check was presented in my office, with the request to have it cashed, and the identification being satisfactory, I directed the teller to give the money for it.

Q. To whom was the money paid?—A. To Mr. Schumaker, who indorsed it. He was identified by Mr. Kennedy.

By Mr. KASSON:

Q. Did the amount of this check pass through your books in any way?—A. No, sir; we paid it over the counter. It went into our books as cash. It only appears as so much cash sent by us to our New York house.

Q. And the money was paid on it on presentation instead of being

put to the credit of any one?—A. Yes; the identification was satisfactory, and all that I required was an identification of the payee.

Q. How was it paid?—A. In Treasury-notes and bank-notes.

Q. Of any particular magnitude?—A. I do not know; we were asked for large notes.

Q. For thousand-dollar notes or hundred-dollar notes?—A. Mr. Kennedy has reminded me that I told him at the time that he asked for thousand-dollar notes.

By Mr. BURCHARD:

Q. Did Charles Abert have any account in your bank in 1872?—A. Yes. Here is an abstract of his account, [handing it to the committee.]

WASHINGTON, *January 7, 1875.*

HENRY D. COOKE sworn and examined.

By Mr. BURCHARD:

Question. What was your business in 1872?—Answer. I was a partner in the house of Jay Cooke & Co., in Washington.

Q. Look at the checks of the Brooklyn Trust Company, numbered 192 and 193, for \$50,000, each drawn on the Marine National Bank of New York, payable to the order of John G. Schumaker, and state whether the indorsement of your bank is on these two checks.—A. It is.

Q. Do you know Mr. Schumaker?—A. No, sir; I do not think I would know him if I saw him.

Q. Do you see your initials in pencil on these checks?—A. Yes; the initials are a guide for the teller. They indicate that he may pay the check.

Q. What do you know in regard to the cashing of these checks by your house?—A. I presume that the checks were presented to be cashed, and that they were cashed by our house in Washington to remit to New York to our credit, as is stated in the indorsement on them. My initials are on the checks simply as an indication of the person, and as an indication that the checks might be paid. It is for the guidance of the teller.

Q. Who presented those checks?—A. I do not recollect. I presume that Mr. Schumaker did, as his is the only indorsement on the checks.

Q. Were they paid in cash or were they credited on your books?—A. I have no recollection of the transaction, but the books will show, and if the committee desire it the fact can be ascertained.

Q. Do you know to whom the money was paid on these checks, if they were paid in cash?—A. I do not. I recollect nothing of the transaction. The books can be produced. They are in town and can be brought here at any time.

Q. I did not understand for what purpose you say you put your initials on these checks.—A. That was a matter of constant occurrence. Whenever a draft was to be paid, or a note to be discounted, or a party to be identified, I put my initials on the paper.

Q. What occasion was there for the identification of the party except the money was paid?—A. I presume the money was paid.

Q. At your bank here?—A. Yes.

Q. Who do you suppose was identified by your initials?—A. I presume it was Mr. Schumaker. The last indorser would be the party to whom we paid the money, and the party to be identified.

Q. Then the indorsement and your memory combined enable you to

state that the money was, beyond all reasonable doubt, paid over the counter to Mr. Schumaker here in Washington?—A. Yes.

Q. And that it did not enter on your books in any other way than simply to take notice of the drafts?—A. I presume not. The books will show if it did.

Q. If these checks were paid over the counter there would be no further entry made on the books?—A. No, sir; I will examine the books and see.

By Mr. BECK:

Q. Who was then paying-teller of your bank?—A. Mr. Corson was our general book-keeper. Mr. Tenney was our general clerk, and had power of attorney to indorse for the firm as he has done in this case.

Q. Is Mr. Tenney in the city now?—A. No, sir; he is somewhere in the West.

Q. Would he have any knowledge of this transaction?—A. I do not think he would be as likely to have any knowledge of it as Mr. Corson.

Adjourned till January 8.

WASHINGTON, D. C., *January 8, 1875.*

RICHARD C. PARSONS sworn and examined.

By the CHAIRMAN:

Question. State your business and place of residence.—Answer. I am a lawyer. My residence is Cleveland, Ohio.

Q. What was your business during the time that the Pacific Mail Steamship Company was procuring its last subsidy legislation in the Forty-second Congress, in the spring of 1872?—A. I was a practicing lawyer, and also occupied the position of marshal of the Supreme Court.

Q. Do you know anything about the procurement of that subsidy?—A. I do.

Witness proceeded to read the following statement:

I am under obligations to the committee for this opportunity of giving my testimony. I have no desire to deny or conceal anything in my connection with this case, and trust the committee will find nothing in my relations to it to censure or criticise. Nearly three years ago Mr. Stockwell, the president of the Pacific Mail Steamship Company, a gentleman who was an old friend and client of mine of many years' standing, at Cleveland, where we both resided, employed me as his lawyer, to aid him in presenting a measure to Congress asking for an increased subsidy to that company. At the time I had not been even nominated for Congress; had a perfect right to act as his lawyer and counsel, and charge such fees for my services as he and I should agree upon. I told him his project was a matter of great national importance, and if he expected to succeed he must prepare his case with deliberation and thorough care, and have it presented with skill and ability.

My first advice to him was as to the best method of presenting the matter, so as to give the case to Congress in its strongest light, and secure the best assurance of success. Mr. Stockwell I knew to be a liberal, generous, and almost princely man in regard to money, and, if necessary, would have employed a township of men to carry out any project upon which he had fixed his heart. Hence, at the outset, I advised him earnestly against employing any one in the case except the regular authorized agents of the company, who were familiar with its

business and resources, and such counsel as were necessary to prepare and properly present his wishes to Congress. I advised him that a large and apparently interested lobby of workers would only prejudice Congress against his bill, and thus defeat the very object for which they would labor. To this he assented. I next advised him to have full, careful, and elaborate statistics of the trade with China, Japan, the Isthmus, &c., prepared for the information of the committees and of Congress. Also, the account of the several sums paid by foreign nations to their several steamship-lines, by way of support, as national subsidies; schedules showing the amounts paid by the United States annually to the ships of England and other countries for freight to and from our shores, and for passengers; to urge upon Congress the vital necessity of giving aid to our steamship-lines, so that we could compete upon favorable terms with the steamships of other countries; to impress strongly upon Congress the fact that by the enlargement and increased usefulness of the company, by means of the additional subsidy asked for, renewed credit would be reflected upon our national ship-building interests, as well as tend to revive its almost ruined condition; to present the present condition of our foreign trade and passenger traffic, showing that we were utterly at the mercy of foreign ships and foreign prices, and that the enormous sums paid for their use in gold was destructive to our commerce, and absolutely injurious to the country at large; that our vast commerce was utterly at the mercy of strangers, and that we could neither export or import a dollar's worth of property in steam-bottoms without their consent and agreement; to contrast the difference between the expense of building ships on our own shores with those upon the Clyde, together with the increased cost of running-expenses, owing to the higher price of labor here and the greater rates of interest upon capital paid in the United States over that abroad; to prove to Congress by facts and figures that no steamship company of the United States could compete with foreign bottoms without substantial aid from the Government; to show the suicidal policy of our Government in refusing to aid the establishment and encouragement of home lines, contrasted with the liberal policy of England and other countries, who paid millions annually by way of subsidies to support the honor of their flag and increase the wealth of their people; that the subsidy would enable the United States to control the vast commerce of the east, making, by way of the Pacific Railroad, the shortest, most direct, and cheapest method of bringing its merchandise to our own shores or sending it directly across our country to Europe, thus making the Pacific Railroad the carriers of the world; to give in detail the sums paid annually by the people of the United States to foreign ships for their use, amounting to over \$70,000,000 in gold; to have all these facts elaborated and carefully prepared for the use of the committees and Congress, and to be urged as far as possible upon the attention of individual members.

To do this partially well required a great deal of time and study and labor, and I did all in my power to aid in the proper preparation of the case, and prepared an elaborate argument for the committee, embracing substantially all the reasons in my power to present, and all the facts and statistics essential to a full understanding of the subject. My object was to show the value and importance of the subsidy as one of the highest national importance, reflecting, as I believed it would, honor upon the country and increased wealth to the nation.

I was warmly in favor of the subsidy. So long ago as 1861, while consul of the United States at Rio Janeiro, I had seen the disastrous

effect upon our commerce with Brazil of the subsidized steamship-lines of England and France; and I wrote to the State Department, urging upon the Government the propriety of giving direct aid to a line of steamers from our own country, that we might secure a part of the trade of that great empire, and not permit it to fall entirely into the hands of others. Hence, in urging this subsidy for the Pacific Company upon Congress, I was really doing that which I believed to be the wisest policy and for the highest good of the country at large. I did all in my power to urge upon Congress the importance of the measure, and to forward the wishes of my client, and had the satisfaction of seeing the bill become a law.

Some time after the whole matter was concluded, Mr. Stockwell wrote me to send him my account for my fees and expenses, and to make it out in the name of the company. I did so; but cannot recollect whether it was made out here or at Cleveland. I presume the bill can be found on the files of the company in New York. There was no secrecy about the transaction in any manner, either on his part or mine. So well known was my connection with the case, that the whole matter was fully commented upon by the press of my district during my first and second canvass for Congress, and explained by me upon the stump. The charge was that I had been the paid attorney of the company while I was marshal of the Supreme Court, which I readily admitted.

Before proceeding farther, I beg to be allowed a short personal explanation. I have been sharply and most ungenerously criticised because I practiced my profession as a lawyer here while occupying the position of marshal of the Supreme Court, as though I had been guilty of some decided wrong. I was not aware there was the slightest impropriety in my doing so, nor did I suspect that the public would so regard it. I knew it was a common practice for editors to be appointed postmasters and to other places of trust, and to continue to pursue their usual calling; that lawyers were appointed collectors of internal revenue and of customs, yet continued the daily practice of their profession. I was United States commissioner at Cleveland for some years, and sat as an examining magistrate one day and appeared in court to argue cases the next. So long as I honestly and scrupulously discharged every public duty imposed upon me in the several official stations I have held—which I have always tried to do with painstaking fidelity—I felt I was at liberty to make money in my profession, when I could do so without neglecting any duty I owed the public. At all events, I accepted the office of marshal, an office of trifling pay, and which required but a portion of my time, with the distinct understanding with the late Chief Justice that my acceptance of the place should in no manner interfere with the practice of my profession, except in the Supreme Court and the Court of Claims. Neither he nor I felt there was any indelicacy in my preparing cases for congressional action, and in the very few cases I acted I did so with his knowledge.

During my official life in Washington I had observed the most eminent lawyers of the United States, distinguished for their learning and virtues, engaged in preparing and presenting the cases of their clients before Congress; and I understood such had been the practice from the foundation of the Government. I claim, therefore, I had a perfect right to act as I did; that the matter was purely my own private business, and my sole object in making this explanation is to protest against the misrepresentation to which I have been subjected.

I deem it proper to say that Mr. Stockwell paid me for my fees and expenses in the case, \$12,000. In addition to this, Mr. Irwin, as the

agent of the company, at my request, gave me a draft on New York for \$1,500, which I used for my own private purposes. No other moneys belonging to the company ever came into my possession or were controlled by me directly or indirectly.

By the CHAIRMAN:

Q. Did you pay out any of this money which you received from Mr. Stockwell to any other persons?—A. I did.

Q. To whom did you pay it?—A. The only person to whom I gave money directly was a gentleman who occupied a position of an assistant of mine in Washington, a gentleman who acted as my clerk and secretary, and who rendered me very valuable services in the matter. I gave him for his services \$1,500.

Q. Will you state his name?—A. Mr. Burritt, my brother-in-law. I paid him \$1,500 for his services. I also think that in making out my account I charged him \$2,000 in addition for expenses, for which, I think, I received a separate draft.

Q. Was that in addition to the \$12,500?—A. No, sir; the whole amount, including everything, was \$13,500, and out of that I paid \$1,500 to this gentleman for services, and also about \$2,000 for expenses—for printing expenses, expenses in traveling to New York and back, bills at the hotel, carriages, telegrams, and other incidental expenses. No part of it was paid to any person directly or indirectly connected with Congress.

By Mr. BURCHARD:

Q. The draft for \$2,000 was sent to you before the passage of the subsidy act?—A. I think so; I think it was sent to me early in May, but I do not recollect. It was sent to me when I asked for it.

Q. And when was the \$10,000 paid?—A. I think that originally Mr. Stockwell gave me \$5,000 in New York; I do not recollect when he gave me the balance. My fee in the case was \$10,000, and my expenses in the case were \$3,500. I never had any other money of the company, directly or indirectly.

Q. Did you fix the amount of your fee before or after the service was rendered?—A. My impression is that it was understood between Mr. Stockwell and myself. It was a matter of no sort of importance either to Mr. Stockwell or myself whether it was understood or not; he would have paid any fee that I charged that he thought reasonable.

By Mr. BECK:

Q. When did Mr. Stockwell make that arrangement with you?—A. I do not recollect; it was about three years ago, I think.

Q. This subsidy measure was passed in the last of May, 1872.—A. Yes; I was in Cleveland when it passed. By looking at the record, I find that I left Washington on the 17th of May, 1872, and was not here when the bill passed.

Q. What record do you allude to?—A. The hotel register.

Q. How long were you employed before the subsidy measure passed?—A. Some time; several months.

Q. When was your first bargain or contract with Mr. Stockwell?—A. I think I saw him some time in March, 1872.

Q. Here in Washington?—A. Yes.

Q. When did you first get any money from Mr. Irwin?—A. The only

time I ever got any money from Mr. Irwin was when I asked him to give me a draft on New York for \$1,500 ; which he did.

Q. When was that ?—A. Perhaps in the latter part of April or the first of May.

Q. You had at that time received no money from Mr. Stockwell ?—A. I had.

Q. How much ?—A. I do not recollect ; I do not recollect how I received that fee. I have tried to recall it, but I have no means of refreshing my recollection.

Q. Had you received all of that fee from Stockwell before Irwin paid you that money ?—A. No ; I think not.

Q. What other citizens of Cleveland were employed or urged, either by you or Mr. Stockwell, to come to Washington to aid in working up the subsidy ?—A. I do not think that any other citizen of Cleveland was employed.

Q. Who was spoken to on the subject ?—A. That I cannot say ; I was not at Cleveland.

Q. Who was spoken to by you ?—A. I asked no one to come here.

Q. Who by Stockwell, that you are aware of ?—A. That I cannot say ; I do not know, except by hearsay, that he ever really spoke to anybody there about it.

Q. You do not know the fact from him ?—A. No ; I do not think I do.

Q. Do you know it from any Cleveland people ?—A. No ; there were several persons in Cleveland who were friendly to the matter, but not as his attorney.

Q. Who were they ?—A. Gentlemen who were known to Mr. Stockwell to be friendly, but I do not know that they did anything in the matter.

Q. Do you recollect who they were ?—A. It would be merely a surmise if I were to state it, because Mr. Stockwell never told me that he asked anybody to come on here, and I know that I never asked anybody to come here.

Q. Did any one ever come from Cleveland ?—A. My impression is that they did.

Q. Who were they ?—A. My impression is that a gentleman from Cleveland came on.

Q. Who else came on ?—A. I do not know that he came on for that matter.

Q. Were the expenses of this gentleman paid for coming on here ?—A. That I do not know, but I think not.

Q. You do not know it either from them or from Mr. Stockwell or of your own knowledge ?—A. I can have no knowledge except from hearsay.

Q. Did I understand you to say that you never received any money in connection with this subsidy beyond the \$13,500, in any shape or form ?—A. That is my recollection of it—that that is all the money I ever received from anybody in connection with the service.

Q. Did you ever receive any other money from Irwin ?—A. No, sir ; not a penny.

Q. I have seen a statement that Mr. Irwin has said that you had distributed a very considerable amount of money for him, and therefore I ask you the question.—A. I suppose that you will take my word on that subject. I state to you on my honor as a gentleman, and on my oath as a man, that I never received, directly or indirectly, any money

from Mr. Irwin except a draft on New York for \$1,500, and that I never distributed in any manner any of the money for which he is responsible, except the \$1,500 mentioned.

Q. Were you present at any time when Irwin was paying money to other people?—A. Never.

Q. Or when anybody else was distributing money?—A. Never.

Q. Or the money of the company?—A. No, sir; not a dollar.

Q. The only person to whom you paid any portion of the money was one of your clerks?—A. That is all.

Q. The fee, as you understand it, being about \$10,000, and the pay of the clerk and other expenses making \$3,500?—A. Yes.

Q. If you know of any person using any money in obtaining this subsidy, or of any member of Congress receiving any, or of anybody offering to pay any member of Congress, you will say so.—A. I have no knowledge whatever on the subject.

Q. Did you ever see any list of names of members in Congress in the hands of Mr. Irwin?—A. That I cannot say. I should think it very likely that I may have done so, because I made out twenty or thirty lists of members of Congress in both houses whom I supposed would vote for the bill. There never was any improper allusion made as to any one of them. These were simply lists of the persons in both houses who were supposed to be favorable to the bill, but there was never anything said in regard to the payment of money to any of them.

Q. You never saw any lists of names purporting to be the names of persons who could be influenced by money?—A. No, sir; not at all.

Q. Did you make a written argument before any of the committees of Congress on the subject?—A. I prepared an argument to make before the Senate Committee, a very elaborate and exhaustive one, covering all the points. I thought that it was in the office of the marshal of the Supreme Court, and I went to look for it the other day, and I could not find it. It was prepared for the use of the committee, but the committee was found to be so decidedly in favor of the subsidy that the labor seemed to be thrown away. There was really no strong opposition to the subsidy in the committee, as I recollect.

By Mr. WOOD :

Q. State in detail all the services you rendered for that fee of \$10,000.—A. That would be impossible.

Q. State them generally.—A. In the first place, I began to prepare, from all the sources that I could find, all the statistics as set forth in my written statement; a very great labor. I also prepared and fitted myself to understand and comprehend the case thoroughly. I not only sent all the papers, documents, pamphlets, and everything connected with the case, with letters, to each member of Congress of both houses, but, whenever I had the opportunity, I took my papers and laid the case before the members in person. I never asked, to the best of my recollection, any member of Congress to vote for that bill or any other bill in my life. I regarded my duty as done when I laid the whole case before a member and asked his attention to it. I did all that I could to secure the passage of the subsidy, and I suppose that I did render very important services in the matter.

Q. Your original agreement was with Mr. Stockwell?—A. Yes.

Q. Was he at Washington during the time that you performed these services?—A. I think he came here once.

Q. Mr. Irwin, however, was here all the while?—A. Yes, sir. I do

not know that he was here all the while ; for after the bill passed the Senate, I felt so confident that it would pass the House, as there seemed to be a substantial majority for it, that I went home on the 17th of May. I was not here when it passed, so that I cannot say whether Mr. Irwin was here all the time or not. My impression is that the last time I saw Mr. Irwin was early in May, 1872, and I never saw him again till I saw him the other day on the floor of the House.

Q. Did Mr. Stockwell, in his conversations with you, refer to Mr. Irwin?—A. Yes ; he told me that Mr. Irwin was his agent, and had charge of the bill, and if I wanted to confer on the subject I might confer with him.

Q. And to follow his directions?—A. No, sir ; Mr. Stockwell did not say that, but to confer with him.

Q. You did co-operate with Mr. Irwin in Mr. Stockwell's business?—A. Certainly.

Q. You had frequent conversations with Mr. Irwin?—A. I do not think they were very frequent, but I saw him several times.

Q. Did he converse with you in reference to the subsidy?—A. Yes ; sometimes.

Q. Do you recollect that in those interviews he ever stated to you the name of any member of Congress whom he expected to be for or against you in the matter?—A. I think he did say, repeatedly, in looking over the list of members, that these gentlemen were for the measure and those gentlemen against it. My recollection is that when any gentleman was supposed to be against the bill measures were taken to have him waited on and talked to.

Q. And you were consulted by Mr. Irwin in regard to accomplishing change of opinion with members of Congress?—A. Sometimes.

Q. Do you recollect the names of those gentlemen?—A. No ; the whole matter passed out of my mind, so far as individuals were concerned.

Q. You do recollect some of them?—A. When you come to the names of gentlemen, I have no recollection whatever about it.

Q. You conversed with Mr. Irwin as to the probability of the votes of members of Congress of both houses?—A. Yes ; I think I did, two or three times. My recollection is that I looked over the list, and told him those members who I thought would vote for the measure.

Q. Did you ever call on members with Mr. Irwin?—A. I think I never did.

Q. Did Mr. Irwin at any time consult with you as to the expenditure of money on account of the subsidy?—A. No, sir ; never.

Q. Were you aware at the time that he was expending money?—A. No, from no personal knowledge, except that he was living handsomely.

Q. I mean, expending money in order to procure votes?—A. No, sir ; he never said a word to me on the subject of expending a dollar to corrupt a member.

Q. You are aware, I suppose, that the measure was lost in the House in the first instance?—A. I did not recollect about that, but I believe such was the fact.

Q. And that it was subsequently passed in the Senate?—A. I recollect that now.

Q. You were in favor of the measure?—A. Yes, sir ; I was decidedly in favor of it.

Q. Do you recollect members of the houses of Congress individually

who changed their views between the first rejection of the bill in the House and its subsequent passage?—A. No, sir; I have no recollection.

Q. Did you not have at the time close conferences with Mr. Irwin as to the effect of a change of some votes in the House?—A. I think not. I would state it to you frankly if I had. I have no disguise in the matter at all. My connection with the case was perfectly open and transparent to everybody. I did nothing in the matter that was not perfectly proper, and I would state anything that I could recollect with perfect fairness.

Q. You have no reservation to make growing out of your position as counsel?—A. I did nothing as counsel that I cannot properly state to you. I was not called upon to do anything improper.

Q. In this private conversation which you had with Mr. Irwin and with members of Congress nothing improper occurred?—A. I never had any private conference with a member of Congress in the presence of Mr. Irwin. When I wanted anything of a member of Congress, I went to him myself, and told him what I wanted, and when I had done so I went away.

Q. Did you, in that case, go to any member of Congress yourself?—A. Certainly, I did, several times.

Q. Did you effect any changes?—A. That I do not know.

Q. Do you believe that you did?—A. I cannot say that. I laid the case before the members of Congress in the best way I could, and gave my reasons why I thought the measure right and proper and why I thought it ought to be voted for.

Q. Did you communicate every instance of the kind to Mr. Irwin?—A. No, sir.

Q. Was it not a part of your duty to do so?—A. No, sir; I had no duty toward Mr. Irwin.

Q. He represented Mr. Stockwell.—A. No; I represented Mr. Stockwell, and he represented the company.

Q. But Mr. Stockwell represented the company, and made an arrangement with you in behalf of the company, for which he gave you \$10,000?—A. Yes.

Q. Had he subsequently directed you to advise with Mr. Irwin?—A. Yes, whenever I felt it necessary.

Q. Did you not advise with Mr. Irwin in reference to members of Congress?—A. Yes, in the manner I have stated.

Q. In what manner?—A. I looked over the lists with him two or three times, and gave my opinion as to the strength of the bill in each house, and he gave me his.

Q. You compared views with each other?—A. Yes.

Q. You made suggestions to him?—A. Very likely.

Q. Do you think he acted on them?—A. I do not know.

Q. What is your opinion?—A. I really do not recollect anything about it. The matter did not press itself very strongly on my mind at the time.

Q. You had very substantial reasons for being so energetic?—A. I did my duty as far as I knew how, and earned my money as well as I could.

Q. I do not wish you to understand that I mean to impute any wrong motive to you in your endeavor to accomplish the passage of the bill. What I want to get at is this, how far Mr. Irwin acted on any suggestion of yours in corrupting members of Congress.—A. If you desire to have it put in that way, and wish the imputation to rest on me—

Mr. WOOD. I distinctly disavow that; but I wish to know whether, in

consequence of any recommendation or suggestion or opinion of yours as to individual members, Mr. Irwin corrupted any members, for it is quite evident to us that he did succeed in corrupting some members of Congress.

The WITNESS. I say to you, as I said before, that I know nothing whatever of his corrupting any member of Congress, or of his offering to corrupt any member of Congress; nor do I know of any member of Congress being corrupted by him; nor did any intimation of mine point to a man who could or could not be influenced by money. Does that cover it?

Mr. WOOD. That is not exactly an answer to my question.

The WITNESS. I am entirely willing to answer without the slightest equivocation.

Mr. WOOD. Independent and outside of the mere question of corruption, do you think that, in consequence of your statements to Mr. Irwin as to members of Congress in either house, Mr. Irwin succeeded, either by your arguments, your statistics, or your facts, or by other influences which he may have used, in obtaining votes?—A. I do not think that I ever gave to Mr. Irwin any intimation of any member of Congress who could be in the slightest degree influenced by any money consideration.

Q. I have not asked you that. My question is this: Do you think that, in consequence of the statistics and facts and arguments which you yourself furnished, Mr. Irwin did succeed in obtaining any votes which he would not otherwise have obtained?—A. It is impossible for me to say. I can only be answerable for what I did myself.

By Mr. NIBLACK:

Q. Do you know of anybody else being employed as attorney or agent in that matter, except yourself and Mr. Irwin?—A. That is all I now recollect. I never knew of the employment of the other gentlemen whose names I have seen in the papers.

Q. Then you were not authorized to employ other counsel, and you did not employ other counsel?—A. No, sir; I did not. I should have employed any one if I deemed it necessary.

Q. Did you know Mr. Abert as the attorney of the company?—A. I did not know him, and I do not think that I ever saw him.

By Mr. ROBERTS:

Q. Mr. Niblack asked you in reference to the employment of counsel. I will make the question broader. Did you employ any person to assist in procuring this subsidy?—A. No one whatever.

Q. And you did not assist in any arrangement for the employment of any person?—A. Not that I am aware of, in the slightest degree.

By Mr. KELLEY:

Q. You spoke of looking over the list. Did you mean by that the rolls of the members?—A. Simply the rolls of members of the House and Senate. For instance, there were a certain number of avowed friends of the measure, who were well known. They were all marked off. Then there was a class of gentleman who were doubtful. They were marked doubtful. Then there were those who were supposed to be friendly, but who had not been called upon in any manner, and whose opinions were not known. They were marked in a different way, simply and merely for the purpose of calling upon those gentleman, or of having them called upon, that they might be asked how they stood upon the measure. For instance, if I desired to call upon Mr. Kelley, as

a gentleman whom I had known for twenty years, I should have called upon Mr. Kelley, and asked him whether he was for or against the subsidy. If he said that he was against the subsidy, and if he gave me time to explain it, I should have explained it to him. If he had said that he was against it; that he did not want to hear anything about it, and that he had his mind made up, he would have been checked upon the list as opposed to the measure. The lists were simply the roll-calls of the two Houses.

By the CHAIRMAN:

Q. Were you retained before the month of February, 1872, or after it?—A. I cannot recollect without going home to Cleveland, or going to the office of the company in New York. I do not recollect how early I was retained in the case.

Q. Can you give us no idea?—A. No, sir; I tried to think this morning.

Q. The agreement was between you and Mr. Stockwell personally?—A. Yes, sir.

Q. And when it was made it had no reference to the company, but to Mr. Stockwell individually?—A. It was made by himself individually.

Q. Then why did he, after the passage of the measure, ask you to make out your account against the company?—A. I suppose that whatever he paid me he wanted the company to pay, as the services were really for the company.

By Mr. BECK:

Q. In the course of your conferences with Mr. Irwin, what other gentlemen did you meet acting as co-counsel with yourself?—A. Nobody whatever, that I recall. I cannot recollect a single gentleman whom I met with Mr. Irwin, except Captain Bradbury, who was afterward elected president of the company.

Q. Did Irwin ever tell you whom he had employed, or whom he was going to employ, to aid him in obtaining this subsidy?—A. He never did. To my recollection he never spoke to me on the subject.

Q. Did he never suggest that it was going to cost a large amount of money, and that he was getting other people to work and putting money in their hands?—A. I do not recollect anything of the sort.

Q. You know that the fact is that he did pay out large amounts of money?—A. I have seen such a statement, but I was absolutely ignorant of any knowledge of it at the time. I have no knowledge whatever on the subject, except by hearsay.

By Mr. BURCHARD:

Q. Can you tell about the time that you were paid by Mr. Stockwell?—A. I am so confused about those payments that I am not altogether clear that I received \$12,000 outside of the \$1,500, or whether the \$1,500 did not go into the \$12,000. My own impression is that you will find everything that came to me charged to me directly on the books of the company, and I think you will find the bill which I rendered on the files of the company. If there is the slightest discrepancy between the books and my recollection, I should be most happy to correct it. My impression is that Mr. Stockwell paid me the bulk of my fee in New York, but I cannot recollect about the time.

By the CHAIRMAN:

Q. Did you have any stock speculations with Mr. Stockwell?—A. Several times.

Q. During the pendency of this subsidy measure?—A. Both before and during the time and afterward.

Q. To what extent?—A. I do not know how much it was; not very much.

Q. Can you give any estimate of it?—A. That is my private business, and I do not think that it is quite the business of this committee to inquire into it. I both made money and lost money on the stock, and the outcome was worse than the beginning.

Q. Were you, during this time, Mr. Stockwell's attorney?—A. Mr. Stockwell advised with me as to his own private business and the conduct of his own affairs. I had been his attorney in Cleveland previously.

Q. During the pendency of this subsidy measure you had no private business of his to attend to?—A. Not the slightest; nothing but this matter.

WASHINGTON, D. C., *January 8, 1875.*

JOHN G. SCHUMAKER sworn and examined.

By the CHAIRMAN:

Question. State your residence and business.—Answer. I am a practicing lawyer, and have been for twenty-five years, in the cities of New York and Brooklyn. I am an attorney of the supreme court of the State of New York and an attorney of the Supreme Court of the United States.

Q. Were you a member of the Forty-first Congress?—A. I was.

Q. Are you a member of the Forty-third Congress?—A. I am.

Q. Are you a member-elect to the Forty-fourth Congress?—A. I am.

Q. You were not a member in the Forty-second Congress?—A. I was not.

Q. Do you know William S. King, the former postmaster of the House of Representatives?—A. I do.

Q. Did you, in the month of May, 1872, go with Mr. King to the American Exchange National Bank of New York?—A. I did not.

Q. Were you at the American Exchange National Bank in New York in the month of May, 1872, at any time with Mr. King?—A. No, sir; not to my knowledge.

Q. Were you at the American Exchange National Bank during the month of May for any purpose?—A. I do not recollect the bank, but I have a remembrance of being at a bank in New York, by the direction of a client, in reference to the certification of a check. My impression was that it was the Bank of Commerce.

Q. Did you ever have in your possession a check drawn by Mr. Richard B. Irwin for \$275,000?—A. I had a check which was given to me by a client, in the confidential relation of client and attorney, and I went to some bank in New York (my impression was that it was the Bank of Commerce) to get the check certified.

Q. In order to identify the check I am inquiring of, I ask you if you

Q. Have you ever had more than one check for that amount?—A. Not at that particular time.

Q. Then there will be no confusion about it. If you never had but one check for that amount, was that check drawn by Richard B. Irwin?—A. I am under the impression that it was.

Q. Was it payable to your order?—A. No, sir.

Q. Was it payable to his own order?—A. I cannot recollect.

Q. Was it indorsed by Mr. Irwin?—A. I cannot recollect.

Q. Was it so indorsed as to be payable to bearer, while in your hands?—A. My impression is that it was.

Q. You think that you had that check in the month of May, 1872?—

A. I had a check of that description.

Q. Of that amount?—A. Yes.

Q. The only one you ever had of that amount?—A. Yes.

Q. You took that check to get certified?—A. I did.

Q. What bank do you think that was?—A. As I told you before, I have no distinct recollection of the bank; my impression was, until lately, that it was the Bank of Commerce; but I have no distinct recollection.

Q. Was it the bank on which the check was drawn?—A. Undoubtedly.

Q. You think it was drawn by Richard B. Irwin?—A. I do not say that.

Q. What did you say?—A. That is my impression.

Q. Did you receive it from Richard B. Irwin?—A. That relates to confidential relations of client and counsel.

Q. If it were not for the confidential relations between client and counsel, would you tell from whom you received it?—A. I would.

Q. You could tell?—A. I could tell, and would tell if my clients were willing that I should tell.

Q. Without waiving the question, I will ask you one or two more questions. Was it received by you in compensation of any service to the person from whom you received it?—A. I cannot say that it was for services to the person from whom I received it.

Q. Did you receive it in compensation for your services?—A. I received it for my clients.

Q. I am not asking who your clients were, I am merely asking whether you received it in compensation for your services.—A. Not the whole of it.

Q. Any part of it?—A. Yes.

Q. What part of it?—A. A small amount.

Q. How much?—A. I cannot say. You have a copy of my bank-book.

Q. How much do you think you received for your services?—A. My impression is that it was in the neighborhood of \$10,000. You have my bank-book, and all my accounts.

Q. About \$10,000 for your own personal services?—A. Yes.

Q. The rest of it was for some other purpose than in compensation for your own personal services?—A. That relates to confidential communications between myself and my clients.

Q. Was there more than \$10,000 for your personal services?—A. I think about that sum.

Q. Do you think it would exceed that?—A. Not a great deal.

Q. In order to come to a limit, did it exceed \$15,000?—A. My impression as to the amount is, that it was in the neighborhood of \$10,000.

Q. Then the difference between \$275,000 and about \$10,000 was received for some other purpose than for your personal services?—A. Yes, sir.

Q. You got that check certified, did you?—A. I did not.

Q. What did you do with it?—A. I took it to the Brooklyn Trust Company, by direction of my clients, and had it broken up at their di-

rection, and directed the Brooklyn Trust Company to send the broken-up checks to my client, reserving about \$10,000, I think.

Q. You did that without having the \$275,000 check certified?—A. I did not get it certified myself.

Q. When you took it to the Brooklyn Trust Company was it certified?—A. It was not certified.

Q. Did you in that month take any other check for \$275,000 to the Brooklyn Trust Company?—A. No, sir.

Q. Then, whatever check you presented to the Brooklyn Trust Company during that month is the one that we are examining about?—A. Yes.

Q. And you think that that one was not a certified check?—A. I think it was not.

Q. You directed them to break it up, and to send all of it, except about \$10,000, to your client?—A. Yes.

Q. The same client from whom you received it?—A. Well, I would not say that; that is a construction of law. It was not the person from whom I received it.

Q. Give us data enough, so that we can form a legal opinion about it.—A. I would say that it was not sent to the person from whom I received it.

Q. Was it sent to the clients from whom it came?—A. It was sent, under instructions from my clients, by the Brooklyn Trust Company to my clients again, in small checks.

Q. Returned to the same clients?—A. Yes, sir. Well, that is not exactly a fair question, after what I have said previous to my being sworn; I told you that I was counsel for the Pacific Mail Steamship Company and for Richard B. Irwin.

Q. Then we will not have any confusion about it; did you direct the Brooklyn Trust Company to send it to the Pacific Mail Steamship Company?—A. The confidential relations between client and counsel again come up here. If I am forced to answer that question, I will answer it with pleasure; but I have some notions of honor and some notions in respect to my oath as an attorney of the Supreme Court; if I am compelled to answer the question, there is no harm in my doing so.

The CHAIRMAN. You and I understand that all this is confidential between you and me, and that there is nothing personal in the examination.

The WITNESS. Certainly not.

Q. I will not trench upon the relations of client and counsel now; I simply ask you what instruction you yourself gave to the Brooklyn Trust Company.—A. I gave the Brooklyn Trust Company instructions to send the checks to clients of mine in the city of New York.

Q. Tell us who they were whom you instructed the Brooklyn Trust Company to send them to.—A. I do not think I ought to do that, for various reasons.

Q. I am not asking you anything that passed between you and your client, but only as to what passed between you and the Brooklyn Trust Company.—A. What passed between me and the Brooklyn Trust Company was that which I did as attorney and counsel for certain clients.

Q. I know that, but I only wish to know what you did. I do not ask you what passed between yourself and your clients.—A. Whatever I did was done as attorney and counsel for my clients—for the men whom I represented.

The CHAIRMAN. I know that, but I am not asking for any communication between you and your clients, only for what you did yourself.

WITNESS. We certainly understand one another. You have repeated that two or three times. I was the personification of my clients. I did nothing as John Schumaker, but I acted for men for whom I was paid and employed to attend to business.

Q. Without waiving that question, I will come to another. You say that you directed the Brooklyn Trust Company to break up that check and to send it all to your clients except about \$10,000?—A. Yes, sir.

Q. Do you know how you directed the Brooklyn Trust Company to break it up—into what forms?—A. I did not give them any personal instructions. I had a memorandum from my client, or something, to indicate what was to be done. I cannot recollect it now particularly.

Q. Did you have \$150,000 passed to your own credit there?—A. No, sir; I did not give any instructions to have anything passed to my credit.

Q. Did you have any sum passed to your credit?—A. It seems that I did.

Q. How much?—A. \$125,000.

Q. That sum was passed to your own credit?—A. Yes.

Q. Do you think that the bank officials did not follow your instructions about that?—A. Not as to that particular matter.

Q. They misunderstood you in passing \$125,000 to your credit?—A. It seems that they have done so.

Q. That would leave \$150,000 out of the \$275,000. What did you tell them to do with the rest?—A. I know that they broke the check, and passed \$125,000 to my credit.

Q. How much would that leave?—A. They made three distinct checks, payable to my order, on the Marine National Bank, for \$50,000 each.

Q. What did you do with those checks?—A. I directed the Brooklyn Trust Company to pass them to my client.

Q. Were they drawn while you were there?—A. I never drew but one of the checks of the whole number that were broken up.

Q. Of the three?—A. Of all of them.

Q. What was the form of the distribution of the \$150,000?—A. They were sent to my clients.

Q. In what form?—A. I do not know. The whole thing was sent to my clients together. When I found that I had to my credit \$125,000, I said to the officers of the bank that there was a mistake about it. Then they made out small checks, as I directed, and they sent them all to my clients—my own personal checks, as the result of the breaking up of the \$275,000.

Q. Let this \$125,000 repose to your credit for a moment, and direct your attention to the \$150,000, and tell me the precise form in which that was distributed.—A. It was sent to my clients in the city of New York by the Brooklyn Trust Company.

Q. I ask you in what form.—A. My recollection is that there were three checks of \$50,000, drawn to my order on the Marine National Bank of New York.

Q. Were they drawn while you were at the office of the Brooklyn Trust Company?—A. I think not; they were prepared for me, and I indorsed them.

Q. At another time, and before you deposited that check?—A. I did not deposit that check in the Brooklyn Trust Company.

Q. Where did you deposit it?—A. I gave it to the officers of the Brooklyn Trust Company, and told them to break it up in small checks.

Q. You gave it to the officers of the company and told them to break

it up, and the question I ask of you is, what was the particular form in which the \$150,000 was broken up and transmitted? You say it was in three checks, payable to your order; and now the next question that I ask is, whether those checks were drawn at that time or not?—A. I think they were drawn after the officers of the Brooklyn Trust Company were satisfied that there was such an amount to their credit in the Marine National Bank, that they could give those checks.

Q. How long after you handed this \$275,000 check to the officers of the Brooklyn Trust Company was it that these three checks were drawn?—A. I am under the impression that it was on the same day or the next day; I am not certain.

Q. Were they drawn while you were there?—A. I think not.

Q. Were they handed to you by the officers of the company?—A. They were shown to me—not handed to me—and my indorsement was requested, and I indorsed them there.

Q. Where were they shown to you?—A. In the office of the Brooklyn Trust Company, I think.

Q. You there indorsed them?—A. I did.

Q. And left them there?—A. Yes.

Q. What instructions did you give about them?—A. To send the checks to my clients.

Q. To whom did you direct them to be sent?—A. There the question comes up again. I directed them to be sent to my clients in the city of New York.

Q. These [presenting them to the witness] are the three \$50,000 checks, are they not?—A. It seems so; there is no doubt about it.

Q. Did you give directions to have those three checks sent to any person or to different persons?—A. To no particular person. I would not like to say that exactly. I directed them to be sent to my clients in the city of New York.

Q. Did you direct that they should be sent to different directions or all to one direction?—A. All to one direction.

Q. Why did you have three checks?—A. I had three checks by the direction of my client.

Q. Was that the same client that gave you the \$275,000 paper?—A. No, sir.

Q. A different client?—A. Yes.

Q. One client gave you the \$275,000 paper, and by the direction of that client you sent these three checks to another client?—A. Yes, with other checks.

Q. What other checks did you send with them?—A. Personal checks of my own on the \$125,000 which had been placed to my credit.

Q. How much did you send with them?—A. As I have told you, I sent all of the \$125,000, with the exception of about \$10,000; that was my impression.

Q. Did you send it all to the one direction?—A. Yes.

Q. At the one time?—A. Yes.

Q. Then the checks that you sent with these three \$50,000 checks, bear the same date with these, do they?—A. The checks were made out by the officers of the company, and I signed them. I think they were all of the same date, but I am not certain about it.

Q. The checks will show?—A. I would not say that the checks were made out on that date. I do not recollect the dates. I cannot tell the dates of those checks.

Q. How many other checks did you send with them?—A. Several.

Q. How many?—A. I cannot tell; not many.

Q. What was the size of any of them?—A. Some were over \$20,000.

Q. You say that you told the officers of the bank that this \$125,000 was placed to your credit by mistake, and you took this method to correct the mistake; did you?—A. Yes, sir.

Q. You checked out the amount and sent it with the other checks?—A. Yes.

Q. That ought to have been done when the \$275,000 check was originally deposited.—A. Yes; that is my impression.

Q. Then what occasion had you to correct the mistake in several different checks that were sent to the same client?—A. I have already answered you that I was directed to break it up.

Q. You found that there was a mistake, and that \$125,000 had been passed to your credit, of which you were not entitled to more than about \$10,000. The rest belonged to your client, you say, and to correct that mistake you drew several checks and put them in along with these three?—A. Yes.

Q. My question is, how came you to draw several checks?—A. By the direction of my clients in the city of New York. I was directed how to break up the \$275,000 check.

Q. Did you have any communication with your clients after you found out the mistake?—A. There was no mistake about it, only as to form.

Q. I understood you to say that there was a mistake in passing \$125,000 to your credit?—A. All the checks should have been drawn in the same way as the three.

Q. That was the mistake I allude to. You found out afterward that by mistake \$125,000 had been passed to your own personal credit?—A. It was not a mistake. It was a mere mistake in form.

Q. I am speaking of a mistake in form. When did you find out that mistake in form?—A. At the same time that I called at the bank and indorsed these checks.

Q. How much time had elapsed between the time when you put the \$275,000 in the hands of the Brooklyn Trust Company and the time when you called in and indorsed these checks?—A. I do not know; twenty-four hours. It may have been the same day.

Q. In the mean time had you any communication with your client, to whom you were instructed to send these checks?—A. I cannot say that; I cannot be positive about it.

Q. You cannot be positive whether within that twenty-four hours you had any communication with him?—A. I cannot.

Q. State how you happened to correct the mistake in form by giving several different-sized checks.—A. You know that I have already told you there was no mistake about it on my part. The particular manner of breaking up the checks was a mistake on the part of the Brooklyn Trust Company.

Q. I inquired about the correcting of the mistake which the Brooklyn Trust Company had unconsciously fallen into.—A. I do not know that it was much of a mistake. I did not consider it a very serious mistake. I did not make any trouble about it.

The CHAIRMAN. When I inquire whether it was serious or not, an answer on that point will be in order.

WITNESS. I know that, but I say voluntarily that I did not consider it a mistake of any importance, only that I preferred it in a different form.

Q. I am asking you whether when you corrected this immaterial mistake you corrected it by telling the officers of the Brooklyn Trust Com-

pany to draw it out in different checks of different amounts?—A. I did that under the instructions of my client.

Q. I inquired of you a moment ago if you had any instructions from your client between the time you deposited that \$225,000 and the time when you found that it was a mistake in their crediting you with the \$175,000, and you told me that you had not.—A. Yes, sir.

Q. Then your client instructed you beforehand?—A. I had instructions when I went to break up the check for \$275,000.

Q. Had your client any knowledge beforehand that the Brooklyn Trust Company was going to fall into any such mistake as to pass \$125,000 to your credit?—A. I do not know anything about what my client did.

Q. Your client couldn't have thought that?—A. I don't know what my client may have thought or what he may not have thought. I know what I thought and what I did.

Q. I am inquiring how your client came to give you instructions beforehand which would cover this mistake on the part of the Brooklyn Trust Company in placing \$125,000 to your credit.—A. You will have to inquire of my client about that.

Q. Were the instructions in writing from your client?—A. I cannot be certain as to that.

Q. Did you have any instructions of any kind in writing from your client?—A. I have no decided recollection about what the instructions were, but when the instructions were fresh on my mind I did as I supposed my clients directed, and it was satisfactory.

Q. Do you say that no part of the \$125,000 which the Brooklyn Trust Company passed to your credit as part of the proceeds of that \$275,000 check went to your own personal use in any way, except \$10,000 or thereabouts for your fee?—A. I do.

Q. No other part of it beyond the \$10,000 or thereabouts went to your own personal use?—A. I say so.

Q. It went to the use of other persons?—A. Yes, sir.

Q. Tell us who they were.—A. I cannot, for I do not know.

Q. Tell us to whose use you directed it to be placed?—A. I directed it to the use of no person, except one check which I recollect.

Q. Which check was that?—A. I collected one of the \$50,000 checks from Riggs & Co., and paid it as directed.

Q. I am not speaking of the three \$50,000 checks, but of the \$125,000 that was left to your credit after the three \$50,000 checks were drawn out. You say that of all that \$125,000 credit no part of it went to your own personal use, except about \$10,000.—A. Yes; that is my confident opinion.

Q. Now, we will leave that \$10,000 entirely at rest. That leaves about \$115,000 to your personal credit in the Brooklyn Trust Company?—A. Yes, sir; I suppose so.

Q. And of that sum you say that no part was ever diverted by you for your own personal use, directly or indirectly?—A. I am as positive as a person can be of any transaction. I do not think it possible that I used any of that money. I never do use money belonging to my clients.

Q. If you did not use it yourself you directed it to be used by somebody else, did you?—A. No, sir; I did not.

Q. Did the Brooklyn Trust Company transfer it from your credit without your order?—A. I suppose they transferred it on checks that I gave.

Q. The Brooklyn Trust Company transferred it either on its own mo-

tion or on your order?—A. I suppose the money was drawn out on checks, which I made payable either to my own order or to bearer.

Q. In either case that would be your order?—A. Yes.

Q. Then it was diverted from your credit by your order?—A. Yes.

Q. And the avails of it you did not have?—A. I did not.

Q. Now one step farther. Tell us who did have the avails of it.—A. My clients in the city of New York.

Q. Any one client, or different clients?—A. You know that the plural is applied to corporations and the singular to individuals.

Q. What is the corporation?—A. I will not say unless I am obliged to.

Q. Was it to one person or corporation—was it to different beings or to one being?—A. If I were not standing in the relation that I am, of client and counsel, I would very frankly tell you; and I will tell you if my client permits me.

Q. Have you had any conference with your clients on the question whether you may tell or not?—A. Yes.

Q. Have your clients requested you not to tell?—A. Yes, one of my clients has.

Q. This one to whom you paid the money?—A. No, sir.

Q. Then, so far as this client is concerned, you are at liberty to tell?—

A. Yes; but, you know, I ought not to tell without permission; and it is doubtful whether I have then even the right to tell.

Q. Then you decline to tell to whom you paid the money?—A. Yes; for the reason that I am standing in the position of attorney and client. With the consent of my client I will tell.

Q. I do not ask you for communication between yourself and your client. I ask you the fact to whom you paid it. This person or corporation or being to whom you paid it, was it the same entity from whom you received it?—A. That is a very grave question of law in my mind.

Q. I know it, and I put it to you as a lawyer; do you not know whether it was or not?—A. It is a matter which would be open to a very wide range of debate. If it was in the House of Representatives, I think you would make a speech on either side.

Q. Give us the benefit of your answer to the question. In your opinion, was it the same entity that you received it from (whether that be person, corporation, or being) that you directed it to be sent to?—

A. I would rather not answer the question.

Q. If you ever had any instructions from your clients to keep that matter dark——

The WITNESS. That is going into confidential relations; you know you ought not to ask me that question.

The CHAIRMAN. I am only asking as to facts.

The WITNESS. But you threw out the idea that I have been engaged in a very dark transaction.

The CHAIRMAN. O, no.

The WITNESS. Yes, you do; you say that this is a dark transaction between my client and myself. It was not; and with the permission of my client I could tell the whole story. I even went and saw parties in relation to the matter.

The CHAIRMAN. I have not the slightest desire to intimate anything of the kind. We have a duty to perform here——

The WITNESS. You know that I ought not to be asked for a communication between client and counsel.

The CHAIRMAN. We have a duty which is entirely official.

The WITNESS. I know that; our relations are of the pleasantest kind, and have been for years.

The CHAIRMAN. I dislike to put questions that may seem unpleasant.

The WITNESS. It is a very unpleasant thing for me. I assure you it is not the sweetest morsel to roll under my tongue.

The CHAIRMAN. You would oblige me very much if you would give me your own opinion whether this was the same being or not.—A. It was not the same being.

Q. The same entity; the same creation?—A. It would be rather a fine distinction to say it was not.

Q. Assuming that it would be a fine distinction, do you mean to say that it would be a distinction without a difference?—A. No, I do not mean to say that.

Q. Would it be a distinction with a difference?—A. Being the representative of my clients, I would probably say that it had a difference.

Q. State wherein that difference consisted.—A. If I could have an argument with you to any great extent, I would do so.

Q. You say it would be a distinction with a difference. I ask you to state what that difference consists in.—A. I do not think that I have a right, standing here, as I do, as counsel for one man who is now in jail, and as the counsel of a soulless corporation, and as the counsel of another man who is in Europe, to give any opinion on the subject.

Q. Whom do you represent when you say that the confidential relations between client and counsel do not permit you to tell?—A. That is a very ingenious question, and asked for the purpose of finding out this client.

The CHAIRMAN. Yes; I want to find out whether it is Irwin or the "soulless corporation."

The WITNESS. That is another ingenious question to get an answer from me.

The CHAIRMAN. I know it is; and I ask you which it was. Do you decline answering that?

The WITNESS. I do not wish to object to any reasonable, fair question; but I think you ought to consider my position here.

Mr. NIBLACK. I call your attention to this distinction, that the confidential communication between attorney and client does not preclude an attorney from stating who his client was.

The WITNESS. There are some decisions on the subject; but if the committee come to the conclusion that I ought to answer, I will do so.

The CHAIRMAN. I think you ought to tell us who your clients are.

Mr. NIBLACK. I am anxious that you should appear like yourself in this matter.

The WITNESS. Well; I gave directions to the Brooklyn Trust Company to have these checks all sent to the office of the Pacific Mail Steamship Company.

By the CHAIRMAN:

Q. And you received the \$275,000 check from Mr. Irwin or from the Pacific Mail Steamship Company?—A. I should not like to say from whom I received that check.

Q. Did you receive it from a different client to the one that you sent those checks to?—A. I will endeavor to get the permission of my client to state from whom I did receive that check. I have not been able to get it yet.

Q. To what officer of the Pacific Mail Steamship Company did you send those checks?—A. I will not be positive, but my impression is

that I gave directions to the Brooklyn Trust Company to have them sent to the Pacific Mail Steamship Company, to Mr. Stockwell, or as he might direct.

Q. Do you mean to say that you were directed by the person from whom you received this \$275,000 check to divert the whole of it back to the Pacific Mail Steamship Company, except the \$10,000 that was for your own personal services?—A. No, I do not mean to say that. I had such instructions.

Q. From whom did you get those instructions?—A. Those instructions I received as attorney and counsel for the parties for whom I was transacting business in the city of New York.

Q. The parties from whom you received the \$275,000 paper?—A. I have said that I did not get such instructions from the party from whom I received the paper.

Q. You received those instructions from a different party?—A. Yes.

Q. What instructions did you receive from the party who gave you the paper?—A. Scarcely any at all.

Q. The paper was given to you by him without instructions?—A. I will not say that; I do not recollect any particular instructions.

Q. Were you directed by the party who gave you the \$275,000 paper to make any disposition of its avails?—A. I do not recollect what the instructions were from the party from whom I received the paper.

Q. Did you have instructions from anybody else before you received the paper what to do with the avails when you did receive it?—A. I cannot be positive in regard to that.

Q. Did you receive instructions from anybody after you received the paper as to what disposition you were to make of its avails?—A. I think I did.

Q. What person was that?—A. I think it was my client in the city of New York.

Q. What person was it?—A. I am not at liberty to state.

Q. You have just told us one client; why not tell the other?—A. I told you the name of my client, but I did not tell you the communications between us.

Q. I do not ask you what the instructions were, but only the name of the client who gave you the instructions how to dispose of the avails of this \$275,000 check.—A. I would like to tell you if I could, but it relates to confidential communications.

The CHAIRMAN. I do not ask you what the communications are.

The WITNESS. Yes, you do.

The CHAIRMAN. I only ask you the name of the client.

The WITNESS. You have asked me what client in the city of New York gave me the instructions.

The CHAIRMAN. The reason that I have asked you all these questions is the difficulty of getting an answer.

The WITNESS. I hope you do not consider that I am an unnecessarily unwilling witness.

The CHAIRMAN. O, no.

Q. Is there any more reason why you should retain the name of one client than there is why you should retain the name of the other?—A. No, sir.

Mr. BECK. It seems perfectly evident that Mr. Schumaker is going to make an issue to the committee about our right to inquire into this matter. Had we not better make the issue, and let the House decide it? [To the witness:] You wish the House to decide upon it, do you not?

The WITNESS. Yes.

The CHAIRMAN. My idea was that there was a good deal which Mr. Schumaker might tell us before we made that issue.

The WITNESS. If it were not for the sanctity of communications between client and counsel, I would tell you all that I know about this matter as freely as I would talk about any subject; but if I reveal confidential communications I would be scandalized throughout the world as a man without honor toward my client.

The CHAIRMAN. I supposed we would ultimately come to that issue with you; but I thought there would be a good deal of information that you would be very glad to give us before we came to that issue.

The WITNESS. I am glad to give you information. I particularly want to say that I never drew the money on those checks from Jay Cooke & Co. I never bribed any officer or member of the Forty-second Congress, or attempted to bribe any officer or member of the Forty-second Congress.

Adjourned until 9th January.

WASHINGTON, D. C., *January 9, 1875.*

JOHN G. SCHUMAKER recalled.

By the CHAIRMAN:

Question. Do you desire to correct any statement or to change any statement which you made yesterday?—Answer. I have not read my testimony of yesterday, and I do not know that there is anything in it to be changed; but I wish to state that when I testified yesterday I had not seen my bank-account, but I have since seen it and have read some of the evidence.

Q. With your mind refreshed by that, do you desire to modify any of your testimony?—A. I do not know, as I have not yet read my evidence.

Q. Do you wish to add anything to it?—A. Yes; by permission of my clients, I undertake to make the following statement: On the 28th of May, 1872, I was handed a check by Richard B. Irwin, agent of the Pacific Mail Steamship Company, of New York, for the sum of \$275,000, on the American Exchange Bank of the city of New York, signed by Richard B. Irwin. I was directed by my clients to have the same broken up into a number of other smaller checks. I went to the American Exchange National Bank to get the check certified. That was on the 29th of May, 1872. I went to that bank unaccompanied. I left my office, 17 William street, alone. I went to the bank alone, and I returned to my office alone. There were quite a number of people going in and out of the bank. I never saw the cashier or the president of the bank as I now recollect, but I saw the assistant cashier, who did not certify the check, for the reason that he did not know me, or that his superiors were absent, and that the check was of such a large amount that he did not like to take the responsibility of cashing it in the absence of the president or cashier. That is my recollection of the interview which transpired on that occasion. If Colonel King, the postmaster of the House of Representatives, was in the bank at the time, I do not recollect having seen him. He may have been there, but I do not recollect the fact. He had nothing whatever to do with the business which I was there to transact, and I do not recollect of having seen him at that time in the city. I next took the check to one of the officers of the Brooklyn Trust Company, Mr. Mills, whom I met in New York that day, and then

and there I gave him the check, with instructions to break the same up, and he promised that he would do so under directions, which I then and there gave him. On the following day, May 30, he broke up the check, making three checks on the Marine National Bank for \$50,000 each, and drawing further checks of my own on my account, which I signed. I directed him to return the same to the office of the Pacific Mail Steamship Company. I think that in the aggregate the checks amounted to about \$265,000. Mr. Mills did as I requested him. He returned said checks, broken up, to the Pacific Mail Steamship Company in the city of New York. On the same day, the 30th of May, one of the \$50,000 checks was handed to me in my office, 17 William street, by one of the persons employed by said company, whose name I cannot now recollect, with instructions to go to the office of Lyman Elmore, in the city of New York, a person doing business in the city of New York and Washington, and to pay the check to some persons whom Mr. Elmore represented at that time. I did so. Mr. Elmore was not in his office. I was then instructed to go to Washington, which I did that night or the day following. I took the check to the banking house of Riggs & Co., by direction of Mr. Elmore, and received the money in bills. I was identified by Mr. Kennedy. I returned to Mr. Elmore's office and paid the money which I had received from the bank to a gentleman whom he introduced to me in his office. In examining my bank-account, which I have not seen until recently, I find that it does not show all the checks drawn by me. Some of the money was allowed to remain in the bank by some persons holding back the checks until the fall of that year, as I was informed by the officers of the bank. I will indicate on my bank-account the checks that represent the deposit of \$125,000, as shown by my bank-account up to June 19, 1872. I think that the account is deficient in only two checks, one for \$5,000 and one for \$10,000, which had not been presented up to that time, but which were subsequently presented and paid.

By the CHAIRMAN :

Q. Does your bank-account contain any charge against you of any check which you did not draw ?—A. No, sir.

Q. Then it is true that of that \$275,000, there stood to your credit on the 30th of May, 1872, \$125,000 ?—A. It was as I told you yesterday.

Q. That is true, is it ?—A. It seems to be so.

Q. Then I wish to call your attention to the state of your bank-account. On one side was a credit of \$125,000, and on the other side, on the same day, instead of drawing all that money out, as you thought yesterday, you drew a check of \$500 ?—A. No, sir, I do not think that my bank-account shows that I drew \$500.

The CHAIRMAN. It does.

The WITNESS. I will explain that. I had private funds there.

The CHAIRMAN. It contains a charge against you of \$500, drawn out on that day ?

A. That is unquestionably correct.

[The witness here marked upon his bank-account the various checks drawn by him against the \$125,000 placed to his credit in the Brooklyn Trust Company.]

Q. The checks that you have marked were sent to the office of the Pacific Mail Steamship Company ?—A. Yes ; by my directions.

Q. And there are two other checks which are not in here ?—A. I think so.

Q. What is the amount of those checks that are not in?—A. One for \$5,000, and one for \$10,000, I think.

Q. Of what date?—A. I cannot say anything as to the date. I think they were delivered at the same time as those which I have marked were delivered.

Q. Are you quite sure that on the same day that you deposited this money you directed the Brooklyn Trust Company to send the Pacific Mail Steamship Company those checks which you have marked?—A. Yes, sir.

Q. Why were they to be sent on the 5th and 8th and 11th and 13th of June, which appear to be the dates?—A. That I cannot answer, because I do not suppose I have any of them.

Q. Did you direct the Brooklyn Trust Company to send them on those days?—A. No, sir.

Q. Do you know any reason why they were sent on those days?—A. None whatever.

Q. Then they could not all have been sent together, could they?—A. Yes, but the dates shown in the account are the dates when they were paid by the Brooklyn Trust Company.

Q. I understood you to say yesterday that on the 30th of May the three \$50,000 checks and those other checks that you drew against the \$125,000 were all sent to the Pacific Mail Steamship Company.—A. Yes, that was my direction.

Q. Do you know whether they were, in point of fact, sent on that day?—A. I know that I received from the Pacific Mail Steamship Company, on the afternoon of the 30th of May, one of the \$50,000 checks, endorsed by me, and for which I drew the cash at Riggs and Co's. That is the only evidence I have that they were sent.

Q. Be kind enough to state again where you took that \$50,000 check.—A. I took it to Lyman Elmore, at his office in the city of New York.

Q. Did you find him in?—A. I did not.

Q. Did you see him?—A. Not in New York.

Q. Where did you see him?—A. I saw him in Washington.

Q. You came to Washington that night?—A. I think I came on that evening.

Q. You found Mr. Elmore here?—A. I think I did.

Q. What is Mr. Elmore's business?—A. He is a practicing lawyer in the city of New York; his specialty is railroad law.

Q. Where did you meet him here?—A. I think I found him at his rooms.

Q. At what place?—A. On F street.

Q. Has he an office there?—A. Yes.

Q. What transaction had you with him after you met him?—A. I told him that I was directed by the Pacific Mail Steamship Company to deliver him this check; he said that it was not for him, but that it was for parties or for a party whom he represented.

Q. Did he say who that party was?—A. He did not say at that time. I told him that my authority was to give it to him or to parties whom he would designate or represent. Said he, "I cannot take the check; you must give the bills; I am not known here, and I could not get the money on such a large check." I took the check by his directions and went to Mr. Kennedy, and got Mr. Kennedy to go with me to Riggs & Co. They asked me there how I wanted the money. I said in large bills. They said they could not give me large bills at that particular time; that they would have to get them somewhere, I do not know where. In the course of two hours I received the money, and went down to Mr.

Elmore's rooms, and in his back room I counted out the money to a gentleman, in his presence, whom I do not think I had ever seen before, but whom I have subsequently seen, and whom he introduced to me at the time by the name of Smith. I supposed then that it was a fictitious name, but since then I have found out that it was not a fictitious name.

Q. What was this gentleman's name?—A. Mr. Elmore introduced him to me as General Smith.

Q. What other name?—A. I do not know. I saw him since, a year or two ago.

Q. When did you last see him?—A. I cannot say the particular time, but it was within a year or two.

Q. How lately?—A. I saw him in company with Mr. Elmore in front of the National Theater, I think about six months after the affair.

Q. Have you seen him since?—A. I do not recollect having met him since.

Q. Did he take this whole \$50,000?—A. He did; I counted it out to him.

Q. What did he do with it there?—A. I left the room.

Q. Where was the money when you left the room?—A. On the table.

Q. Who were present?—A. Mr. Elmore and General Smith.

Q. How long did you stay there?—A. A very few moments.

Q. Did you take any memorandum that you had converted this \$50,000 check into money and had delivered it over to a General Smith?—A. I made a memorandum.

Q. Did you take any?—A. Not from them; I was not authorized.

Q. Did you take any from anybody?—A. I took no receipt for the money from anybody.

Q. Did you take any memorandum from anybody that you had delivered the proceeds of this \$50,000 check to any person?—A. No, sir.

Q. Have you any evidence to carry about with you that you have not got that money now in your pocket?—A. I have not the evidence.

Q. You have got no voucher for it?—A. No, sir.

Q. You have no voucher to protect you from the fact that the proceeds of that \$50,000 check were paid over to you?—A. I took the instructions of my client.

Q. I am not asking what were your instructions.—A. No, sir; I have no written voucher. My directions were not to receive any. My directions were to pay this check over to the parties in Lyman Elmore's office, in the city of New York, or to persons whom he would direct. I went there and found that Mr. Elmore was in Washington.

Q. Were you directed not to take any voucher for your own protection?—A. I do not recollect any instructions further than I have just stated.

Q. In the ordinary course of business, if you receive other people's money to any considerable amount, and pay it out, do you not take some voucher to show that you have done so?—A. That depends in a measure on the instructions of my client.

Q. As you did not get instructions from this client, why did you do it?—A. The instructions of my client were to pay this money to this man, and I did so.

Q. Did your client instruct you not to take any voucher?—A. I am not positive about it. I remember that I wanted to give the check to Mr. Elmore and that he refused to take the check, and said that he wanted the money. I said to him, "I want you to see me pay it to some person, so that I can get it properly out of my possession," or something of that kind.

Q. As the matter stands now, the cash is traced into your hands from the bank?—A. Yes, sir.

Q. And you have no evidence about you that you paid it out?—A. No, sir.

Q. You depend upon those parties to clear you from the money, do you?—A. Yes, sir.

Q. Is that the ordinary course of business with you?—A. No, sir.

Q. What reason was there for doing this business in an unusual way in that respect?—A. I was requested to pay this money, and I did it in the manner which I have described.

Q. What was there in the transaction that led you to depart from your usual course of business and to take no voucher that you had paid the money out?—A. I will tell you if you will permit me.

Q. That is what I want.—A. The company said to me in New York that there were men from Washington running the office down, who represented that they had been employed by Mr. Stockwell in assisting in the passage of the Pacific Mail Steamship subsidy, that the bill had passed the House, that they had all sorts of rumors in respect to it, and that they wanted to pay any person whom they had honestly and properly employed in prosecuting the case before Congress or the committees, and they wanted to get rid of that crowd.

Q. Go on.—A. They told me that a gentleman by the name of Elmore, whom I knew very well, represented most of those parties, or knew those parties; that they were willing to trust to him to direct me whom to pay of the men who were hunting the office down. There were men running in there all hours of the day, stating that they had been employed by Mr. Stockwell and others in the prosecuting of this subsidy measure before Congress, and they were so clamorous that no business could be done in the office. They came over to my office, 17 William street, and made this complaint to me, and they directed that I should take this check and give it to Mr. Elmore, or pay it to such parties as he directed. I hesitated about the matter. I did not want to do it. I told them that if it was to pay it to any member of Congress I should have nothing to do with it. They assured me that there was no member of Congress whom they had employed, or agreed to employ, and that there was no officer or member of the Forty-second Congress who was to have anything to do with the money. I went to Mr. Elmore's office, and he was not in. I understood that he was in Washington. I came on here and saw him, and said, "I have this check for you, and I want you to take it." He said, "I cannot get the money on it. I must have the money." I went and got the money as I was directed, and paid it in that way, asking for no voucher, for no receipt, particularly for the reason that it was to be paid, as I supposed, to different parties who had been employed by Mr. Stockwell and others in prosecuting the passage of the additional subsidy. Now, that is the reason.

Q. Who was the person representing the company who made this statement to you which you have just testified to as to the company being run down by persons from Washington?—A. I had a number of conversations of the kind with different persons about there; but I am under the impression, and I will so state positively, that it was told me by Mr. Stockwell, the president of the company.

Q. It was he who made the statement to you?—A. Yes, sir.

Q. Who came from the office of the company to your office and asked you to do this?—A. I cannot say. I was in and out of the office of the Pacific Mail Steamship Company, and I met Mr. Stockwell in the street and in other places.

Q. You understood that Mr. Elmore and General Smith were to disburse this \$50,000?—A. That was my impression from my client and Mr. Elmore.

Q. Was there any reason why you should not take from them a voucher that you paid it over to them?—A. I think I was instructed by Mr. Stockwell to get rid of the nuisance the best way I could.

Q. Do you think you were instructed by him to take no voucher?—A. Yes; I think so.

Q. Did Mr. Stockwell or anybody else give any reason why you should not take a voucher?—A. I do not think he did.

Q. Did you report to Mr. Stockwell that you had paid out this money?—A. I reported to the company; I forget to whom.

Q. Did you take from the company any acquittance for that \$50,000 that was put into your hands?—A. I am not positive.

Q. Do you not know whether you took any receipt?—A. I think not.

Q. Was there any reason why, if you did not choose to take any receipt from the two gentlemen at Washington, you should not take one from the company?—A. The company believed that I fulfilled my mission.

Q. Was there any reason why you should not take something which would protect you hereafter against any claim that the company might make upon you for that \$50,000?—A. I did not take any.

Q. Supposing Mr. Stockwell should pass away, either by death or voyage to Europe, what evidence would you have at your command as to the disposition of that \$50,000?—A. Well, that is what is troubling me. That is what is the matter. It has been no pleasant thing to me.

Q. As a lawyer, does it occur to you now that that was an ordinary way to transact business?—A. It was an extraordinary way, and I have told you for what reason. I disliked to do it; but I did it.

Q. What did you see in the transaction at the time that was extraordinary?—A. That I was being used to pay lobbyists. That is what I saw.

Q. This General Smith, to whom you paid this \$50,000, was he the General Morgan L. Smith who died suddenly the other day?—A. I do not know.

Q. If he is dead, and Mr. Stockwell has gone beyond the reach of the company, and if the company should trace this \$50,000 into your hands, what condition would you be in?—A. I would have to take the consequences. That is an argument instead of a question.

Q. What was said in the room of Mr. Elmore between you and him and this General Smith to whom you were paying over that money?—

A. I had the money in large bills. This gentleman came in and this money was paid.

Q. What was said?—A. Very little was said.

Q. Then it will take very little time to tell it. What was it?—A. He said that this was the party, and he introduced him as General Smith.

Q. Is that all that Mr. Elmore said?—A. He said that this was the party who was to receive the money.

Q. Will you not state it as you recollect it?—A. I have stated it.

Q. Have you stated all you recollect?—A. Yes.

Q. Then when you came into Elmore's office Mr. Smith was not in?—A. I will not say whether he was in or not. Elmore has two or three rooms there.

Q. Do you recollect whether he was in or not?—A. I do not recollect about the matter.

Q. Do you recollect whether anything more was said than that this

was the party you were to pay the money to?—A. I do not know that those were the words exactly, but it was something tantamount or similar to it. It is three years ago, and I cannot recollect the words particularly.

Q. It was an unusual transaction, and could not have escaped your mind.—A. It has not, I assure you.

Q. Be kind enough to tell us all that transpired.—A. That is all that occurred.

Q. Was that all that was said between you?—A. That was all.

Q. Did you lay the money down on the table?—A. I did.

Q. Was it counted in your presence?—A. I counted it myself.

Q. And left it on the table?—A. Yes.

Q. How long were you in the room?—A. I cannot say.

Q. About how long?—A. Some few minutes. I cannot tell how long.

Q. Did you sit down?—A. I think I stooped over and sat down.

Q. Which did you do?—A. I cannot tell whether I sat down or stooped over.

Q. Were these other gentlemen sitting down?—A. No, they were standing too.

Q. Did either of you take a seat while you were there?—A. I do not recollect.

Q. Did you see which of them took up the money?—A. No, sir.

Q. Do you know which of them did so?—A. I do not.

Q. If you were called to account by the company, could you tell which of those men you paid the money to?—A. I would say that I paid it as I have told you, and would leave the inference to be drawn.

Q. Into the hands of which of those men would you be able to swear that the money went?—A. I would swear that I paid it to Mr. Elmore and a party whom he directed me to.

Q. What did you do after he left the room?—A. I went out to my hotel.

Q. How long did you remain here at the time?—A. I remained here two or three days, I think, to look after the bill, and to see that it was approved by the President. The company in New York did not know whether the appropriation was theirs or whether the matter was open to competition, and they wanted to know how the matter stood. I think I returned to New York after the bill had been approved by the President.

Q. Did you see anything of either of those two gentlemen after that hour?—A. No, sir; I may have met Mr. Elmore, but not to talk to him. Nothing more than ordinary conversation.

Q. Let me now call your attention to the other two \$50,000 checks. When did you next hear from them?—A. In January or February, 1873.

Q. Tell us all you know about them?—A. I only know of them through the company.

By Mr. BURCHARD :

Q. Did you go from Washington to New York a short time prior to the receipt of this \$275,000 check? Were you in Washington just before?—A. I was in Washington when the bill passed the House.

Q. How long after that did you remain in Washington?—A. The next evening or the next day.

Q. That was about the 21st or 22d of June, was it not?—A. It was about that time.

Q. You say that Mr. Irwin gave you the check for \$275,000?—A. He did.

Q. In New York?—A. Yes, that was my impression.

Q. Do you remember where he gave it to you?—A. At my office, 17 William street.

Q. And did you there receive the instructions as to breaking up the check?—A. No, he did not say anything particular about it.

Q. From whom did you receive those instructions?—A. From the officers of the Pacific Mail Steamship Company.

Q. Who were the officers from whom you got them?—A. I cannot be positive which officer it was.

Q. Where were these directions given?—A. They were given in my office in the city of New York.

Q. How long after you received the check?—A. I think a couple of hours.

Q. Was Mr. Irwin present?—A. No, sir.

Q. I understood you that you gave this \$275,000 check to Mr. Mills, the president of the Brooklyn Trust Company?—A. Yes. I met him in New York, and gave it to him.

Q. What did you say to him in reference to the use to be made of the check?—A. I told him that I was requested by my client to break it up.

Q. Did you give any directions how to have it broken up?—A. I did.

Q. At the time you handed it to him?—A. I think I did give him directions at that time, or at the time that I met him at the office of the Brooklyn Trust Company.

Q. When you went to the bank you found that it had not been broken up as you directed?—A. Yes, sir.

Q. It had been divided into three checks of \$50,000 each, payable to your order, and the balance deposited to your credit?—A. Yes.

Q. When did you give the directions as to breaking up that \$125,000?—A. I gave it, I think, at the time that I met Mr. Mills in the street, and also in the bank.

Q. Did you give it in writing or verbally?—A. I think I had a memorandum which I handed to him, and I think he afterward told me that the reason why the \$125,000 had been placed to my credit was that he had forgotten the particulars as to the small checks.

Q. You think that you gave him the names of the persons and the amounts?—A. I gave him no names at all, but simply the amounts. The checks were to be payable to my order.

Q. What did you direct him to do with those checks?—A. My impression is that I gave him directions to make all the checks payable to my order, with the exception of about \$10,000 or \$11,000, and to send them to the Pacific Mail Steamship Company.

Q. And when you got over to the bank the next day, you found that the checks were still there?—A. Yes.

Q. Did you direct him to have those three \$50,000 checks drawn payable to your order?—A. Yes. I think I directed all to be drawn payable to my order.

Q. Did you expect that this check would have been sent to the office of the Pacific Mail Steamship Company immediately, and before you had got to the bank?—A. It was necessary to be done as soon as it could be done.

Q. And when you got to the bank the next day you supposed that they had been all sent?—A. No, sir; I supposed that I had first to indorse them.

Q. You supposed that they would remain there till you called and indorsed them?—A. Yes.

Q. Then, you do not now think that you did direct Mr. Mills to send them to the Pacific Mail Steamship Company?—A. I directed the officers of the Brooklyn Trust Company, Mr. Mills and Mr. Rodman, who were the president and cashier, to send them over to the Pacific Mail Steamship Company.

Q. Was Mr. Elmore in New York during part of the time you were there?—A. I have no idea.

Q. You did not see him there?—A. No, sir.

Q. I understood you to say that you received this \$50,000 from the officers of the Pacific Mail Steamship Company, and brought it to Washington?—A. I did.

Q. From which officers of the company?—A. I cannot recollect.

Q. You do not recollect whether it was the treasurer or president?—A. I say that it was from some person in the employment of the company, who I imagined had been engaged in the passage of that bill.

Q. Then you do not now know that it was an officer of the company?—A. It may have been Mr. Stockwell himself.

Q. Was it?—A. I have not any positive recollection on the subject. Two or three times during the day there had been persons from the Pacific Mail Steamship office to my office, stating that there was a lot of people there who insisted on being paid for their services in Washington, and saying that they had been working all the fall, winter, and spring in favor of the subsidy, and that there was nobody in Washington to pay them for their services, as the agent had gone away. I think they sent over this check to me, to take to Mr. Elmore to pay the men whom they said he represented, or the parties whom he might identify, and the directions were to pay them.

Q. Did you not direct the officers of the Brooklyn Trust Company to send the checks, into which the \$275,000 was split up, to Mr. A. B. Stockwell?—A. I cannot say. It was to send them over to the office of the Pacific Mail Steamship Company. I cannot say positively whether I mentioned Mr. Stockwell's name or not.

Q. Where did you draw the checks on the Brooklyn Trust Company, into which this \$275,000 was split up, aside from the three \$50,000?—A. I think it was in the office of the Brooklyn Trust Company.

Q. Did you leave them there?—A. I think I left them with the cashier.

Q. Did I understand you to say that at that time they aggregated \$115,000?—A. Yes, that is my impression.

Q. You drew checks there at the office of the Brooklyn Trust Company, on that company, to the amount of \$115,000 and left them there?—A. Yes.

Q. To whose order were these checks payable?—A. I think they were payable to my own order, and were indorsed by me.

Q. Have you seen these checks since?—A. Yes, sir.

Q. Are they in your possession?—A. No, sir. I saw them in January or February, 1873, when I was sent for by the Pacific Mail Steamship Company to bring those vouchers to them.

Q. To bring your own checks to them?—A. Yes, sir; the checks representing this \$115,000.

Q. And you brought them?—A. Yes; and Mr. Stockwell desired me to destroy them.

Q. Then Mr. Stockwell sent for you in 1873, and desired you to destroy these checks?—A. He did.

Q. Do you recollect whether there was any other indorsement on the

checks except your own?—A. I cannot now say whether they were payable even to my own order. I have no recollection about the appearance of the checks, any further than to see that they were these checks. Mr. Stockwell directed me to destroy them, and I think I destroyed them.

Q. You are positive that you did not yourself send those checks for \$115,000 to the office of the Pacific Mail Steamship Company, but left them in the office of the Brooklyn Trust Company, after you had drawn and indorsed them, and that you desired the officers of the Brooklyn Trust Company to send them to the Pacific Mail Steamship Company?—

A. Yes, sir.

Q. And that they covered the whole amount of \$115,000?—A. Yes.

By Mr. KASSON :

Q. You destroyed them at the request of Mr. Stockwell, because you were acting as attorney for the Pacific Mail Steamship Company?—A. Yes, sir.

Q. In all that matter you regarded yourself as acting as the attorney of the Pacific Mail Steamship Company?—A. Yes, sir.

Q. And so you destroyed the vouchers which you had received from your own bank of deposit?—A. Yes.

Q. Was any reason given at the time why you had better destroy them, they being your own vouchers?—A. The reason was that they would show money paid to various parties employed in aiding the passage of the subsidy bill.

Q. But had not the Pacific Mail Steamship Company the same right to employ others as they had to employ you, in that matter, if the employment was honest?—A. Yes.

Q. And having that right, was there any disgrace in connection with the employment of the other men more than there was with your employment?—A. I do not know that there is. I was the general attorney of the Pacific Mail Steamship Company, and was attending to their legitimate business in New York. Our office did all their business at that time in New York.

Q. I wish to know the reason, if you can give any, why the evidence of payment of money to those other men should be destroyed any more than the evidence of payment to yourself.—A. They did not want it known that they had spent any money at all in obtaining the subsidy.

Q. But they were willing to leave the burden on your shoulders, and not give you any evidence that the burden did not remain there?—A. I do not suppose that they meant to put any burden on me at all.

Q. You understand the point of my question. The vouchers were not destroyed which left \$275,000 in your hands, but they asked you to destroy the vouchers which would have showed that that money did not remain in your hands. The reason of that is what I am trying to get at. Can you give me any reason why?—A. They gave me as a reason that I was acting as their attorney in the matter; that they wanted these vouchers, and that no harm was to come to me.

Q. There are some sums here that are not in round numbers, but of such peculiar amounts that I want to ask you if the fact does not enable you to answer about them. For instance, here was a check of \$13,200 paid on the 8th of June; have you no recollection to whom that check was given?—A. I have not; I only recollect that Mr. Mills gave me as a reason why he did not make all the checks payable to my order the fact that he did not recollect the smaller amounts.

Q. You say that you sent them all to the office of the Pacific Mail

Steamship Company, either with your indorsement or without it?—A. Yes, sir.

Q. If they had been made payable to your order, no one could have used them until you had gone to the office and indorsed them?—A. If they wanted my indorsement I indorsed them.

Q. Can you not recollect to whose use some of these sums went; either the \$27,000 or the \$13,200 or the \$18,450 or the \$25,450?—A. No, sir; I cannot.

Q. And you have no recollection why that particular sum of \$25,450 was put in the check?—A. No, sir; I have not. All that I remember about it is the peculiarity of there being a number of small checks for a large sum of money.

Q. Where is Mr. Elmore now?—A. In the city of Washington.

Q. From the statement which you have made, and which you say you are at liberty to make, are we to understand that you are now willing to state all that you know about the whole transaction?—A. Yes, sir; I went into Mr. Elmore's room the night before last, woke him up out of his bed, and told him what I was going to swear to. That was in the Imperial Hotel, about one o'clock at night.

The CHAIRMAN. Repeat that statement.—A. I heard that Mr. Elmore was in town, and I went to his room at the Imperial Hotel, the night before last, at one o'clock. I waked him out of his bed, and told him that I had been summoned to appear before this committee, and that I was going to tell the whole transaction that I had with him.

By Mr. KASSON:

Q. And he is the man who gave you permission to make the statement which you have made here to-day?—A. No, sir.

Q. To whom did you allude in that connection?—A. Mr. Irwin gave me permission to state his name.

Q. Then, I will ask you to name any other person to whom you delivered a check.—A. I delivered no other check to anybody.

Q. Or any other party to whom you paid any money?—A. I paid no one whatever.

Q. All the money that was paid out of that \$275,000 check by you was money which you paid to Mr. Elmore?—A. That is all.

Q. You recollect no man's name to whom the checks drawn by you on the Brooklyn Trust Company were to go?—A. No, sir.

Q. Did any person at that time claim compensation from you for services rendered to the Pacific Mail-Steamship Company?—A. No, sir.

Q. What reason was given to you for drawing these three \$50,000 checks?—A. I was instructed to have them so drawn.

Q. What reason was given you by the man who instructed you?—A. None at all.

Q. How did the man who instructed you know that you had received from another man this \$275,000?—A. I suppose it was known; I told him that I had received it.

Q. And did you not know when you received it what you received it for?—A. Yes, sir.

Q. Then you knew before you got instructions from Mr. Stockwell what was to be done with this \$275,000?—A. I knew that it was to be broken up; I had no particular instructions from Mr. Stockwell at that time in relation to breaking it up.

Q. You received the check from Mr. Irwin?—A. Yes, sir.

Q. And you now state that you knew what you received that \$275,000 for?—A. Yes, sir.

Q. I now ask you what you did receive it for at that time before you spoke to Mr. Stockwell about it at all?—A. I received it to be broken up and returned to the company.

Q. Could not the company have done that without its passing through your hands?—A. I suppose they could.

Q. Is it a satisfactory answer that you received it to be broken up and put back into the hands of the Pacific Mail Steamship Company?—

A. I was to receive some fee out of it, which, I suppose, Mr. Irwin thought I would have an opportunity to get.

Q. What did Irwin tell you was to be done with the balance after your getting your fee?—A. He said nothing particular about it; I knew that I was to obey the instructions of my client, the Pacific Mail Steamship Company.

Q. The point I want to get at is, what did Irwin tell you to do with the balance of the money after you got your own fee?—A. He handed me the check, and said, "Your fee can be taken out of this, and you can take instructions as to the balance, which is to be broken up in small sums."

Q. But how could you have it broken up unless you were told how?—A. I was told how.

Q. What did Irwin tell you to do with the sums into which it was to be broken up?—A. He did not tell me.

By Mr. BECK:

Q. Irwin did not tell you the details of how the sum was to be broken up, but other officers of the company did. Tell us what officer of the company did give you instructions as to how it was to be broken up.—

A. I cannot tell you; I cannot recollect positively to swear who it was.

Q. You can give us your best impression as to who did so. You must have some idea about it.—A. I have an idea about it.

Q. Give us your impression.—A. I have an idea that it was a person employed in Washington in connection with the company.

Q. Who was it?—A. I do not know his name; I did know his name; I knew that he was employed by the company.

Q. Have you any means of obtaining his name now?—A. I am in doubt who it was that told me how to break it up, but I am under the impression that it was a gentleman who was employed by the company here in relation to the subsidy.

Q. If it was that gentleman, can you ascertain his name so that we can ascertain from him whether he was in fact the person or not?—A. It was done by that person in the presence or under the direction of Mr. Stockwell.

Q. But you cannot tell us who that person was?—A. I have not the slightest idea of his name, but he was a friend of Mr. Stockwell's, and it was in Mr. Stockwell's presence and at his direction.

Q. There was some confusion in my mind when the chairman was questioning you, about the date of those checks. I want to see if I got it right. Do you tell this committee that as soon as you obtained that large check of \$275,000 it was broken up and that the checks for all that except your own fee, (barring a mistake which you think existed,) were handed to you and indorsed by you to the Pacific Mail Steamship Company?—A. Yes, sir.

Q. Then your bank-book in Brooklyn, which shows the payment of these checks on different days, only shows the dates when they were paid, not the dates of the checks themselves?—A. That is it.

Q. You had to turn them all over to the Pacific Mail Steamship Company?—A. Yes.

Q. And when they were paid the bank-books show the date of the payment?—A. Yes, sir; that is what I was trying to explain.

Q. When you destroyed these checks in February, 1873, at the request of Mr. Stockwell, did you not know that there was a proceeding pending in the House to investigate the charge of fraud in connection with the Pacific Mail subsidy?—A. I did not at that time. I did two or three days afterward, and I was very sorry then that I had destroyed them.

Q. The resolution offered by Mr. Randall referring the question to this committee, was on the 20th February, 1873?—A. I did not know that at the time, but after I saw that an investigation was ordered, I was very sorry that I had destroyed those checks, and I suspected that it was not right, and that I was laying myself open to be sued by the Pacific Mail Steamship Company for that money. It has been a great source of regret to me ever since.

Q. You had no idea at the time that you were called upon to destroy those checks because of this investigation?—A. I had not.

Q. You tell us that you were ignorant of the fact that this investigation was begun, or about to be begun?—A. I was. I say that it was in January or February, 1873, because I am not positive of the time. I know that I did not know of this investigation being ordered at the time, and the moment I saw that the investigation was ordered, I saw the reason for the destruction of the checks. The checks were destroyed before I had any knowledge of the investigation, or I should not have destroyed them.

Q. Do you know about what amount you had to your credit in the Brooklyn Trust Company at the time you made this deposit of \$125,000?—A. I have no idea; I have never looked at my bank-account.

Q. Here is your bank-account, and I find that you had a balance to your credit.—A. [After examining the bank-account.] I did have a balance to my credit.

Q. You have not yet told us about the two checks of \$50,000 each that passed through the house of Jay Cooke & Co.—A. I did not draw the cash on them.

Q. Tell us all your connection with them.—A. I had nothing more to do with them than I have already described—to have them sent to the Pacific Mail Steamship Company.

Q. Was your indorsement on those checks?—A. Yes.

Q. So that they were presented to Jay Cooke & Co. either by the Pacific Mail Steamship Company or by some person other than yourself?—A. That is true.

Q. And the proceeds were not paid to you, either directly or indirectly?—A. No, sir.

Q. Have you any information where the two \$50,000 checks that passed through Jay Cooke & Co.'s house went?—A. Not the slightest.

Q. Can you not give us the names of some of the persons whose indorsement followed yours on the checks that were drawn on the Brooklyn Trust Company for that \$125,000?—A. I do not recollect one. I cannot say positively as to the number of the checks. I do not remember a single indorsement, and my recollection is that there were no names on them.

Q. How could they get the money on them on your indorsement without placing their names below yours?—A. It is a very common

occurrence to run a check through a bank without any further indorsement.

Q. Would it not occur to you that when a bank paid a check indorsed by you it would require the person to whom it paid the money to indorse it?—A. I only remember seeing upon some of those checks the bank-stamp, which appeared as if the checks had come through some bank. I remember no particular name on the check, but I remember a stamp upon the check.

Q. Assuming that Mr. Stockwell was requiring you to destroy those checks in February, 1873, about the time this investigation began, what possible object could he have in having them destroyed, unless there were other names upon them besides yours? What light would they have thrown upon the transaction?—A. I suppose that he wanted me to get those three checks and to get all the vouchers and to destroy them, for the reason that they might be traced through the different banks by the stamps upon them.

Q. Had your relations as counsel for the Pacific Mail Steamship Company continued up to that time?—A. Yes; they continued until I went to Europe, on the 5th of April, 1873.

Q. When did your engagement as counsel for that company begin?—A. At the commencement of the injunction-suits in Brooklyn, brought by Luther R. Challis against the Pacific Mail Steamship Company.

Q. When was that?—A. At the end of 1871, or the beginning of 1872. Challis obtained an injunction in Brooklyn to prevent the company from speculating in its own stock, and from loaning the money of the company.

Q. Did you appear in court as counsel for the company?—A. Yes, sir.

Q. And you continued as its counsel up to 1873?—A. Yes, sir.

Q. Were you in Washington during the spring of 1872, in connection with the subsidy to that company?—A. I was.

Q. What part did you take in it?—A. Before the referee in the city of New York there was a lot of questions being asked, and wranglings between counsel, and they were being published in the papers for the purpose of affecting the action of Congress in relation to the subsidy. Mr. Irwin requested that some one should come on here and explain to some members of Congress the nature of that suit, and I came over here once to explain it to some members of the Committee on Commerce.

Q. Was that the only connection you had in connection with the subsidy here in Washington?—A. That is all.

Q. Did you make any contract or employ any subagents or attorneys for the Pacific Mail Steamship Company while you were here?—A. Not at all; I said nothing to anybody on the subject.

Q. Was Mr. Irwin here during all that time, in the spring of 1872, while you were here?—A. I think he was.

Q. Did you have no conference with him as to the payment or employment of counsel or agents?—A. No, sir. I think I explained to some members of the Committee on Commerce and Committee on Appropriations in regard to those suits. Stokes at one time attempted to commence a suit against the Pacific Mail Steamship Company; Joslin commenced a suit; and Henry A. Smith & Co. commenced a suit. All of these suits were brought in Brooklyn; and the litigations in Brooklyn I and others attended to. I came over here and explained to different members the position of the company, and, if I am not mistaken, I spoke to Mr. Niblack, of this committee, in reference to these suits.

Q. Do you recollect any of the persons who were here actively em-

ployed in obtaining the subsidy, or did you have conference with them?—

A. No, sir.

Q. Irwin knew that you were the lawyer of the company?—A. Yes; and Mr. Irwin begged of me to tell Stockwell to stop sending persons to Washington. He said that they were swarming to this city, and that Stockwell employed everybody that came. He said to me, "When you go to New York, for God's sake beg Stockwell to stop surrounding me with this horde."

Q. Do you recollect who of all that horde of men you saw?—A. No, sir.

Q. Did Irwin tell you the names of any of them?—A. No, sir; I had very little conversation with Irwin in relation to the business.

Q. Had you ever seen this man Smith before?—A. No, sir.

Q. Did he profess to be acting for the company in that conversation with you?—A. I had no conversation with him. I think it was understood from the company that he had been active in the matter.

Q. Was he a lawyer?—A. I do not know; I never saw the man before.

Q. Was Elmore a lawyer?—A. He was a lawyer, doing business in the cities of New York and Washington. I was to pay to the parties whom he directed me to pay to.

Q. And he directed it all to be paid to General Smith?—A. I so understood him.

Q. When you destroyed your checks did you keep no memorandum of them at all?—A. No, sir, I did not, and I am very sorry now that I did not.

By Mr. WOOD:

Q. Who transacted your business in Brooklyn and New York while you were here?—A. Homer A. Nelson in New York, and Sidney B. Lowell in Brooklyn.

Q. Is either of them your partner?—A. Not now.

Q. Was either of them your partner?—A. Yes; both were at one time interested in business with me.

Q. Had you a law-firm as such?—A. No, sir; we had no law-firm as such.

Q. You had no law-firm in 1872?—A. No; except that Judge Nelson and I transacted business together in the city of New York, and we divided what we made. I have not had a partner in a law-firm since 1855. What business I have transacted was done by myself.

Q. Did you keep any bank-account in the city of New York in 1872?—A. I did not.

Q. Did you keep any other bank-account in Brooklyn, in 1872, than you have stated?—A. I think not. I have a bank-account in the Nassau Bank, but I don't think I had then.

Q. You say that these personal checks of yours were destroyed, but you still retain your bank-book, I suppose?—A. I do.

Q. When you were credited by the Brooklyn Trust Company with this \$125,000 to your own account, they made a charge upon your bank-book?—A. They did.

Q. Your check-books, of course, necessarily showed the amount deposited to your credit, and the amount drawn against that credit by yourself?—A. I have no regular check-book.

Q. Did you never keep a check-book?—A. I used to, but I am very careless in regard to checks. I have no great business transactions, and I never owe people much money.

Q. Your account shows that you were in the habit of depositing and

drawing money?—A. I had a check-book, but I never kept any stubs. I used to try, and commence keeping check-books in regular order, but I never could succeed in doing so. Sometimes my bank-book is in the bank two or three months without my seeing it. Sometimes I pick up a loose check and fill it up. If I meet a man to whom I owe a debt, I draw a check in this way, and never keep a memorandum of it.

Q. What means had you for ascertaining what balance you had in bank?—A. I always find out my balance by inquiring of the book-keeper. I have never known any other way. I am very careless about such things.

Q. You are understood to be a man of some property, and you must, necessarily, have kept some accounts of your affairs?—A. Sometimes I have, and sometimes I have not. I generally can tell about my property.

Q. In order to get an intelligent idea of your affairs you have had, of course, some books or accounts kept by yourself or somebody else?—A. I have no books. I never had a ledger in my life.

Q. You had a check-book?—A. I have had a check-book.

Q. Had you in 1872?—A. No, sir; not with a single stub in it. I have not had a check-book for years.

Q. In this account, which you have presented here, after this \$125,000 was credited to you on May 30, there is a subsequent credit on June 19 of \$27,775. Where did that come from?—A. I have no distinct recollection. It did not come from the Pacific Mail Steamship Company. It may have been from the sales of some stock or property that I had. I will not be certain. When I saw it to my credit it struck me as a novelty. I did not recollect the transaction.

Q. It is a very large sum, and most of us would have some recollection of such a sum.—A. Well, it is three years ago, and I cannot give an intelligent answer as to where it did come from.

Q. You have no stubs of the checks drawn, nor any record that would enable you to correct your own recollection?—A. I have not. That item of \$27,775 to my credit was certainly a novelty to me. I cannot give you any idea where it came from except it was some piece of property or security that I sold.

Q. You say that you retained, out of this \$125,000, \$10,000 or \$11,000 for your own services. Please state what they were.—A. Services rendered to the Pacific Mail Steamship Company in every capacity.

Q. In what capacity?—A. In the capacity of attorney and counsel, doing business in New York.

Q. When you say "every capacity," what do you mean?—A. I mean in the capacity of attorney and counsel attending to business in New York; and I mean what I did for them coming on to Washington and attending to matters here as I have described.

Q. In connection with the subsidy?—A. Yes.

Q. Did you render any formal bill or account?—A. No, sir; I did not render any formal bill or account. I stated what it should be. I think it was \$10,000, and something for my actual disbursements and expenses.

Q. Did you subsequently render to the company a statement as to how you had disposed of this \$275,000?—A. No, sir.

Q. Did they ever ask you for one?—A. No, sir; I did it after their direction.

Q. When you were called upon subsequently to produce your own checks, did you object?—A. I did not.

Q. What reason did they give you?—A. They claimed that it was part of the transactions of the company, and that they wanted them.

Q. Did they in that connection mention any names of persons?—A. No, sir.

Q. Did you examine the checks yourself when you gave them up?—A. Not particularly.

Q. Not to see what indorsements were on them?—A. I thought they came merely through the banks without any personal indorsement on them. I think that if there had been any striking indorsement on them I would have noticed it.

Q. Did you give them to Mr. Stockwell in person, or to Mr. Irwin?—A. I did not give them to Irwin.

Q. Do you recollect to whom you gave them?—A. I cannot tell.

Q. Was it at the company's office in Wall street?—A. It was.

Q. Was anybody present?—A. I do not know if there was anybody present besides Mr. Stockwell and myself or not.

Q. Are you certain there was not?—A. I cannot say positively.

Q. Did you see them destroyed?—A. I did.

By Mr. NIBLACK:

Q. Mr. Elmore was here pretty nearly all the session of 1871-'72, was he not?—A. Yes.

Q. In what interest was he here?—A. I do not know.

Q. Was he one of the recognized attorneys of the Pacific Mail Steamship Company?—A. I understood he was not. I do not know the fact.

Q. From your testimony this morning I inferred that he was.—A. I do not know the fact that he was. I understood him to be assisting in some railroad bill.

Q. Were you before the Committee on Appropriations that session?—A. No, sir; I was not. I did not go before any committee. I went once to the room of the Committee on Commerce, and there was somebody there explaining the matter as fully as was necessary. I think I was present in the Committee on Commerce when Mr. Sargent made an argument in favor of the subsidy.

Q. Can you not give us, on reflection, any clew as to which General Smith it was?—A. I do not know.

Q. Do you know Mr. Giles H. Smith, Third Assistant Postmaster-General?—A. I do not.

Q. There is more than one General Smith in Washington.—A. I never knew this man before.

Q. There was, also, a General Baldy Smith, I believe.—A. I do not know. I thought, when Mr. Elmore introduced me to General Smith, that it was a fictitious name.

Q. Describe his appearance.—A. He was a dark-looking, ordinary-sized man, not a slender man—a good-looking man. I am under the impression that he had some beard, but whether it was a mustache or side-whiskers I do not know.

By Mr. WALDRON:

Q. When you were asked to have this \$275,000 check divided, was there any reason given why you were made use of to bring about this division?—A. No particular reason. I suppose they thought I was a man of wealth, or some considerable property, and that I was a safe man to intrust with so large an amount of money.

Q. Did not the fact present itself to you that Mr. Irwin could have drawn his own checks for those several amounts?—A. My impression was that the company wanted to put the money into the hands of somebody that would not steal it.

Q. But Mr. Irwin had the \$275,000 in his hands.—A. Mr. Irwin was about to leave for California; they told me in the office that people were coming into the office saying that they had been employed to aid in the subsidy matter; that there was no person in Washington to represent the company, and that they could not be paid for their services.

Q. Would it not have been just as easy for Mr. Irwin to have drawn his checks for these several amounts?—A. Irwin did not tell me to break this check up and to give any particular sum to anybody.

Q. He gave you the check for \$275,000?—A. Yes.

Q. And then you were subsequently told by an officer or agent of the company to have the check divided into the several amounts?—A. Yes.

Q. Did it not strike you at the time that the object was to mystify this transaction?—A. No, sir; the thing struck me at the time in a different light; I did not dream that that amount of money was to be paid at Washington at the time; but I knew, or I was informed, that these men were very clamorous for their pay, and that they represented to the company that Mr. Irwin had gone to California, and that there was nobody to pay them.

Q. Did it not strike you at the time that, as an ordinary business transaction, that disbursement should be made through your checks instead of through the checks of the company?—A. It is a very common thing in New York to break up checks for people; I have done it a hundred times for different persons.

Q. Then I understand you to say that it did not strike you at the time as a strange and extraordinary transaction?—A. It did not strike me at the time that it was to be used as a corruption-fund.

Q. On the day that you received this money at Riggs's bank, had the bill been signed by the President?—A. I do not know.

Q. Was Congress in session at the time?—A. I think so.

Q. You say you staid here to ascertain in what shape the bill had passed?—A. Yes; I was directed to look particularly at the amendment in the post-office appropriation bill, and to inform the company if the bill became a law. It was a sort of general instructions given by client to counsel.

Q. When you were called upon by the officers of the Pacific Mail Steamship Company for your returned checks, were they in your possession at the time, or were they still in the possession of the Brooklyn Trust Company?—A. They had been returned to me long before.

Q. During the time they were in your possession, did you never take occasion to observe the indorsements on them?—A. I never looked on them. I never in my life compared the vouchers with my bank-account. I am a very careless person in regard to such matters.

By Mr. ROBERTS:

Q. At what point did Irwin's connection with the \$275,000 check cease?—A. When he gave it to me, as far as I was concerned.

Q. He gave you no instructions as to what you were to do with the check?—A. No, sir.

Q. Absolutely nothing?—A. He said to me, "You are an attorney and counsel of the company, and you take this check."

Q. Then, as this was his check and as he gave it to you, it was altogether in your discretion what to do with it, was it not?—A. No, sir.

Q. Did he state to you for what purpose he gave it to you?—A. He did not go into any particulars.

Q. It was his own check; and as he gave it to you without instruc-

tions, under what limitations were you as to what you should do with it?—A. He gave it to me to get instructions as to the breaking of it up.

Q. He gave it to you in order that you might receive instructions from the Pacific Mail Steamship Company as to what to do with it?—

A. He did not say it in that way, but that was my impression.

Q. Was there any understanding that you should give the portion of that check over and above your \$10,000 to the Pacific Mail Steamship Company?—A. It was to be given to the company.

Q. That was the understanding?—A. Yes, I understood it so.

Q. How did you obtain that understanding?—A. From what Mr. Irwin said and from what the officers of the company said.

Q. I am asking now as to Mr. Irwin's connection with it; did he say anything which gave you the understanding that this money was to go to the Pacific Mail Steamship Company?—A. That the money was to be disposed of under the direction of the company.

Q. Now, setting aside the fee that you had, all the rest of the money went back to the Pacific Mail Steamship Company?—A. Yes.

Q. Two hundred and sixty-five thousand dollars or thereabouts?—A. Yes.

Q. Into the hands of what officer of the company did it go?—A. The officer whom I directed the checks to be sent to.

Q. Are you able now to state specifically who that officer was?—A. I cannot. I told the bank officers to take the check over to the Pacific Mail Steamship Company.

Q. You received back out of that \$265,000, \$50,000 which you brought here to Washington?—A. Yes, sir.

Q. Did you receive back out of that money any sum whatever?—A. No, sir.

Q. Neither directly nor indirectly?—A. Neither directly nor indirectly.

Q. To go now to the checks which you drew on the Brooklyn Trust Company—you say that Mr. Stockwell sent for you and asked you to produce those checks of your own?—A. Yes; some person did at his direction.

Q. Substantially it was he?—A. Yes.

Q. He asked you to produce your own checks on your own bank in order that they might be destroyed?—A. Yes.

Q. Did I understand you to say that he asked you also to produce the three \$50,000 checks?—A. I understood him to say something in regard to where they were or what was done with them. I told him, I think, that they were vouchers belonging to the bank.

Q. Why were they the vouchers of the bank any more than your checks were?—A. Because they were the individual checks of the bank, payable to my order on the Marine National Bank of New York, and were returned to the Brooklyn Trust Company as its own vouchers.

Q. These were the vouchers of the Brooklyn Trust Company, and therefore you had no control of them?—A. Yes; but I do not suppose he recollected that at the time.

Q. I want to call your attention to the visit that you made to the American Exchange Bank in New York. Have you read the testimony of George S. Coe, president of that bank?—A. Yes; but I do not know what version of it.

Q. I will call your attention to a statement that he made. He states distinctly that a person whom he afterward identified as Mr. King, and a gentleman who brought the \$275,000 check to the bank, were there together. He says, after stating that he looked at the checks, "Therefore I said, 'Gentlemen, how do you propose to use this large check?'"

If you are going to use this in a bank you can relieve me from all embarrassment.' And the gentleman who had presented the large check said, 'Yes, I am going to use it in a bank.' Said I, 'Then have it certified, and you can deposit it, which will save you and us the trouble of counting this large amount,' and he assented." Is that in accordance with your recollection?—A. No, sir; it is not. My recollection of the circumstance is that he would not certify it.

Q. He swears positively that he did certify the checks; and that is the point to which I wish to direct your attention. He says again, this question being asked him: "The two men who came to your bank together, demanding the payment of the \$275,000 check and the \$115,000 check, respectively, were they not evidently acquainted with each other?—A. O, yes, they seemed to be; they came together, and talked together." Do you say, in view of that evidence, that you did not go there with Mr. King?—A. I do, most decidedly. I certainly did not see Mr. King there, that I recollect.

Q. Mr. Coe says also, with reference to the fact of identification, that the answer of the gentlemen was something like this, or to this effect: that they had reasons for not wanting to be identified, and that they declined to be identified. Is that true?—A. That is not true; I do not remember any such conversation.

Q. Then I desire to read these questions and answers to you: "Q. But I understand you to say that, when you proposed to certify the checks, one of them said that they had reasons for not wishing that done?—A. No; that they had reasons for not wishing to identify themselves. Q. Was it the one who received the certified check, or the one who received the currency, that made that reply?—A. I cannot distinctly state, but my recollection is that it was the gentleman who had the largest check, the one for \$275,000. He was the shorter and younger of the two." Refreshing your memory by that evidence, state now whether you had that conversation.—A. I did not have any such conversation.

Q. The point that I desire to emphasize is this: whether or not you stated at the bank that there were reasons why you did not desire to be identified.—A. I did not.

Q. You say that with that evidence before you?—A. I do.

Q. I pass now to another point. Will you state why you supposed that the gentleman introduced to you in Mr. Elmore's room as General Smith was presented to you under a fictitious name?—A. Because Smith is such a common name.

Q. Why should you be willing to pay \$50,000 to a gentleman whom you at the time supposed to bear a fictitious name?—A. I was directed to pay it to the person whom Mr. Elmore would indicate to me, and I wanted to get rid of the money. I knew Mr. Elmore, and knew that the payment to any one in his presence would be satisfactory to my clients.

Q. When did you learn that that was not a fictitious name?—A. I cannot tell you. I saw him afterward with Mr. Elmore. I did not think at the time of its being a fictitious name; but after I left the room, it struck me on my way to the hotel, "Suppose this is a fictitious name."

Q. When you paid the money, the only person really known to you in the transaction was Lyman Elmore?—A. He was the only person whom I knew.

Q. The other person you knew nothing about, could not identify him,

and knew nothing about his responsibility?—A. No, sir. I was directed by the company to pay to Mr. Elmore, or at his direction.

Q. Are we to understand you now to say that you paid this money to Mr. Elmore, or to some one else?—A. The facts are just as I have told you, that I paid the money, at his directions, to him and some other person.

Q. In regard to your checks on the Brooklyn Trust Company which you destroyed, you said that they were destroyed because they would show the connection of persons here with the subsidy?—A. Yes.

Q. It was clearly understood, at the time they were destroyed, that that was the reason?—A. I do not say that. I say that that was my opinion.

Q. Your opinion at the time they were destroyed was, that they were destroyed because they would show the employment of some persons?—A. Yes.

Q. How could a check show the employment of some person?—A. I suppose by tracing the checks.

Q. You say that there was no endorsement on them?—A. I do not recollect the name on them.

Q. Do you recollect that there was no name on them?—A. I cannot say positively.

Q. Can you tell us through what banks any of them passed?—A. I cannot. I did know at the time, or I thought I remembered at the time some of them.

Q. Did you ever report to the Pacific Mail Steamship Company, or to Mr. Stockwell, as its president, that you had paid this money to Lyman Elmore and another?—A. I reported to the officers of the company; I think to Mr. Stockwell.

Q. Did you receive from them any release for the \$50,000?—A. No, sir.

Q. Now, I ask you as a matter of law, whether you are not personally responsible to the Pacific Mail Steamship Company for the \$50,000?—A. I think not.

Q. You have no release from the officers of the company in any way?—A. No, sir.

Q. You have no voucher for the money?—A. No, sir.

Q. You could not identify the person other than Mr. Elmore to whom you paid the money?—A. No, sir.

Q. You cannot even tell us his first name?—A. I cannot.

Q. Can you describe the individual?—A. I have described him as a dark-complexioned gentleman.

Q. Large or small?—A. He was not very large, and was not a slender person.

Q. Has it never occurred to you that your own interests require that it would be well for you to know who the person was?—A. I felt protected in the fact that Elmore knew about it.

Q. And your entire protection, then, depends on your own testimony and that of Mr. Elmore?—A. Yes.

By Mr. KELLEY:

Q. You say it occurred to you after leaving Mr. Elmore's room that you had possibly paid that money to a fictitious person?—A. The idea ran through my mind, I wonder if that is the man's name?

Q. What difference was it to you whether it was a fictitious name or a real one?—A. It was not any difference. It did not give me any care or trouble.

Q. Then it was not at all connected with your responsibility or release

that the idea occurred to you?—A. It occurred to me from the fact that the name was given as Smith.

Q. And it did not occur to you from the nature of the transaction?—A. No, sir.

By the CHAIRMAN:

Q. You had no claim on the \$125,000, except for your own fee of \$10,000?—A. No, sir.

Q. In footing up all those checks that you have marked, you say that there are two checks that are not included?—A. Yes; they were outstanding at the time, but I suppose that my subsequent accounts show the checks that will make up the balance. I was told by the officers of the bank that some of the money was not drawn until later.

Q. Then your answer would be that the balance was drawn by checks which were not presented until after the 19th of June?—A. Yes, sir.

Q. How soon after you received this \$275,000 check from Mr. Irwin was it that you got from the other gentleman directions how to break it up?—A. A few hours, I think. It may have been a day.

Q. Which was it?—A. I cannot tell exactly.

Q. Where were you when you got these directions?—A. Either in my office, or in the office of the Pacific Mail Steamship Company.

Q. Do you recollect which?—A. I cannot say.

Q. You took the check from Mr. Irwin, and you went either to your own office or that of the Pacific Mail Steamship Company?—A. Yes.

Q. You do not know which?—A. I do not.

Q. And you got your directions as to the sums into which it was to be broken up?—A. Yes.

Q. You took those directions on some piece of paper?—A. I think I did.

Q. How soon after you left the office of the Pacific Mail Steamship Company, or your own office, with those directions, was it that you deposited the check with the officer of the Brooklyn Trust Company?—A. The same day, I think.

Q. What did you do with the little memorandum on paper of the sums into which this large check was to be broken up?—A. I never kept it.

Q. Did you hand it over to them?—A. Not that I remember.

Q. Do you recollect what you did with it?—A. I do not.

Q. Do you think you gave the check to the officer of the Brooklyn Trust Company without any memorandum as to the sums into which it was to be broken up?—A. I will not be certain but that the memorandum was returned to the Pacific Mail Steamship Company with the checks.

Q. There were at least nine different items into which it was to be broken up, some of them in odd hundreds and odd fifties?—A. That was the peculiarity of it.

Q. Do you think you gave that from your head?—A. No. I think I did it from the paper.

Q. Do you think you gave it to Mr. Mills on paper?—A. I do not think I did give it to him, unless I put it in with the checks and sent it over to New York; and I do not recollect anything about it.

Q. I understood you to say that you met Mr. Mills in the street?—A. Yes.

Q. Do you think you met him in the street and gave him, without a memorandum, nine sums of different amounts into which to break up this \$275,000 check?—A. No, sir; I only judge from the fact that he could only recollect about the three \$50,000 checks.

Q. Do you think now that you did not give him any memorandum?
—A. I am not certain whether I did or not.

Q. If he had a memorandum it would show the other items as well as the three \$50,000 checks?—A. It would.

Q. Have you any idea that you charged his memory only with those sums, or that you gave him this paper?—A. I have no idea. I am under the impression that I did not give him the paper in the street at the time, but that afterward I looked it over and gave it to him.

Q. You found the same day, when you went to the bank, that there had been a mistake made?—A. Yes.

Q. Did you give him the paper then?—A. I do not know. I had the paper then.

Q. If your professional fee from the Pacific Mail Steamship Company was for your services as an attorney in New York, what occasion had Mr. Irwin to pay you out of the funds which he had received for this purpose?—A. I was Mr. Irwin's general attorney also.

Q. When were you retained by Mr. Irwin as his attorney?—A. In the fall of 1871.

Q. Besides being retained by the Pacific Mail Steamship Company?—A. The company knew that I was Mr. Irwin's general lawyer in New York, attending to what business he had there.

Q. What business had he there?—A. He was a member of the firm of Eldridge & Irwin, of San Francisco.

Q. What business had he in New York that you could attend to?—A. I do not recollect.

Q. Can you tell me anything that you did for him as an attorney in New York?—A. I made some negotiations with parties in New York.

Q. What were they?—A. There was a negotiation in regard to some matters with Captain Bradbury.

Q. What were they?—A. I have not now any particular idea.

Q. What did you do for him as an attorney at law?—A. I think I saw Captain Bradbury in relation to the matter.

Q. What about?—A. In regard to some business transactions.

Q. What were they?—A. I cannot say now; but I think they related to some purchases in New York.

Q. Purchases by Mr. Irwin on his private account?—A. No, sir; I think it was the firm of Eldridge & Irwin.

Q. Purchases on their private account? Can you tell us any one thing to the amount of six cents that you did for the firm of Eldridge & Irwin, on their private account, in New York?—A. They engaged me as counsel to transact certain matters with Captain Bradbury.

Q. Can you tell me a single thing you did on their private account in New York?—A. I was engaged in regard to the settlement of an account with some corporation.

Q. What corporation?—A. I have forgotten.

Q. What was the account about?—A. I have no particular recollection.

Q. What was the amount of it?—A. I do not recollect particularly; it is three years ago.

Q. What did you do?—A. I went to see the parties.

Q. Where did you go?—A. I met Captain Bradbury at his office. I have forgotten the particulars of the transaction.

Q. Captain Bradbury was an officer of the Pacific Mail Steamship Company at the time? A.—No, sir; not then.

Q. Can you not give us some sort of description of the business?—A. Nothing more than that it was a business transaction.

Q. How much did you charge Mr. Irwin for this particular business that you cannot tell us anything about?—A. I have not said that I could not tell anything about it. I said that I was employed in 1871 as his general counsel. Mr. Irwin came to me in 1871 and employed me as his general counsel, and wanted me to transact his business for him.

Q. Not business in relation to the Pacific Mail Steamship Company?—A. Yes; in respect to persons connected with the subsidy.

Q. Separate from getting the subsidy, were you his private counsel?—A. Yes.

Q. For what?—A. As general counsel to attend to his business.

Q. And still you are unable to state a particle of that business?—A. There was a transaction with Captain Bradbury, and with a corporation in New York, which I do not recollect.

Q. Do you recollect the nature of the transaction with the corporation?—A. No, sir.

Q. Was it for a large or a small amount?—A. It wasn't a great amount.

Q. About how much was it?—A. I have not an idea.

Q. How long were you engaged in transacting this business with this unknown corporation?—A. I think it was a direction to go up and see some person in relation to it.

Q. Where did you go when you went up?—A. It was on Broadway.

Q. Whereabouts?—A. In the lower part of Broadway.

Q. Tell me where you went?—A. I think it was the corporation that had an office where Captain Bradbury was.

Q. What was the business of that corporation?—A. I haven't any idea at all in relation to the matter. He only asked me to look after some matters for him in New York, and I went there, either to deliver an account, or to get an account paid, or to see that an account was paid.

Q. Did this \$10,000, or a part of it, go toward paying you for your services in the Brooklyn suits?—A. Yes.

Q. How much of it?—A. No particular amount, but I took it as a general fee.

Q. Did you ever receive any instructions from any other officer of the Pacific Mail Steamship Company, except Mr. Stockwell?—A. No, sir, except it may have been from Mr. Bellows, and I do not recollect particularly having seen him. I do not wish the matter to appear as if I were not Mr. Irwin's counsel in regard to the transaction of his assisting in getting the subsidy through Congress. He came on and employed me. He insisted on retaining me.

Q. My attempt has been to endeavor to separate his private business from that of the Pacific Mail Steamship Company?—A. I have stated that I was his general counsel and attended to some private business of his in New York of no great importance; but he particularly insisted that I should be retained by him in relation to the passage of this subsidy.

Q. Do you think you would know General Smith again if you were to see him?—A. I think I would; but Mr. Elmore told me he is not alive.

Q. He was the Mr. Smith who died at Jersey City?—A. I do not know that Mr. Elmore did not say that he died at Jersey City; but that he was the same person who died lately suddenly.

Q. You say that you went the night before last, about 12 o'clock, to Mr. Elmore's room, and told him you were going to give this testimony?—A. I did.

Q. Was that before you appeared before this committee?—A. Yes, sir.

Q. Then, before you appeared here at all you had got released from somebody so that you could tell?—A. No, sir. I was determined to tell it.

Q. You stated yesterday that you had been endeavoring to get the consent of Mr. Irwin to testify to the whole transaction here?—A. Yes, so far as his giving me the check.

Q. Did you fail to get that consent from Mr. Irwin after you had been to Mr. Elmore's room, and had told him what you were going to testify? Which happened first, your failure to get Mr. Irwin's consent, or your disclosure to Mr. Elmore of what you were going to testify?—A. I received the intimation from Mr. Elmore since that time.

Q. Where did you get it?—A. I received it from a gentleman who brought it to me yesterday.

Q. Who brought it to you?—A. A friend of Mr. Irwin.

Q. What is his name?—A. I would rather not tell the name.

Q. Was he a stranger to you?—A. No, sir.

Q. Please to give his name.—A. It was Judge Nelson.

Q. Homer A. Nelson?—A. Yes.

Q. When had you last seen Mr. Elmore yourself, before you got this message?—A. I went to see him the day after he gave his testimony here.

Q. Was that the last time you have seen him?—A. I have seen him since.

Q. When did you see him last?—A. The night I was subpoenaed to come here. That was the night of the 5th of January.

Q. Did you see him at his room?—A. Yes; I went to his room at Wormley's.

Q. Who was present?—A. I think his father-in-law and his lawyer, Mr. Chapman.

Q. Any others?—A. Not that I know of.

Q. Judge Nelson was your old partner?—A. Yes; and my personal friend.

Q. He came on here on Wednesday morning?—A. Yes, sir.

Q. Did you see him before he went to Mr. Irwin?—A. I did.

Q. Did he take any message from you to Mr. Irwin?—A. No particular message.

Q. Did you know that he was going to see Mr. Irwin?—A. I did.

Q. Did you ask him to learn from Mr. Irwin whether he was willing you should testify?—A. He had no such errand as that particularly.

Q. Nothing to that import?—A. No, sir.

Q. When he came back, what did he tell you Mr. Irwin had said on the subject? What transaction of yours did Mr. Irwin request you, through Judge Nelson, not to disclose here?—A. He did not say anything about not disclosing anything.

Q. I understood you to say that you had failed to get Mr. Irwin's consent to testifying to what transpired between him and yourself?—A. Mr. Irwin refused, when I first saw him, to have me say anything about the transaction.

Q. I understand you to say now that Judge Nelson brought you word from Mr. Irwin not to disclose the transactions between you and himself?—A. I cannot say that particularly. I cannot say that he brought me that word.

Q. I asked you when you got it, and you said you thought you got it yesterday after you had seen Mr. Irwin at midnight, in his room, and I

then asked you from whom you had got it, and you said Judge Nelson. Are you mistaken about that, on further reflection?—A. I am not mistaken. My information came from Mr. Irwin through Judge Nelson.

Q. Without regard to the particular time, let me inquire of you what particular transaction of yours with Mr. Irwin did Mr. Irwin require you not to disclose?—A. I got no such request.

Q. He did not request you, through Judge Nelson, to withhold anything from this committee?—A. He was not asked in reference to that. I think Judge Nelson went, by my directions, to ask him whether he would consent to let me say that he had given me this \$275,000 check.

Q. And Judge Nelson returned and said that Mr. Irwin had declined to give it?—A. He did not say that when he returned.

Q. When did he say it?—A. Judge Nelson sent me word yesterday that Mr. Irwin had given, or would give, his consent to my stating the fact of my receiving that check from him.

Q. Did you learn from Mr. Irwin, through Judge Nelson, that he declined to have you disclose anything else?—A. He was not asked in regard to that.

Q. He was simply inquired of, through Judge Nelson, whether you might disclose the fact that he had given you that check?—A. Yes, sir.

Q. Was there any anxiety about that when the fact appeared from his own testimony?—A. He did not swear that he had given me the check.

Q. Did you ever get any instructions through anybody from Mr. Irwin not to disclose any transaction?—A. No, sir.

Q. Then you are at liberty to disclose every transaction between you and Mr. Irwin, whether as his counsel or otherwise?—A. Yes.

Q. And you have disclosed it?—A. Yes. [After a pause.] What did you mean to say—that I disclosed all the transactions between Mr. Irwin and myself, as his counsel, bearing on the Pacific Mail subsidy? I have not.

Q. Then there are other transactions between you and Mr. Irwin, in reference to the Pacific Mail Steamship Company, which you have not disclosed to us?—A. I have not disclosed to you the private and confidential communications which Mr. Irwin made to me in reference to the passage of the subsidy.

Q. Have you disclosed all that has passed between you and Mr. Irwin in reference to that \$275,000 check?—A. Yes.

Q. There were some private and confidential communications between you and Mr. Irwin, in reference to the passage of the subsidy, which you decline to disclose?—A. Yes.

Q. Because you consider them confidential?—A. Yes.

Q. Without asking you what they were, I simply ask you when they were given to you?—A. They were given to me at the time that he retained me as his counsel in the city of New York.

Q. He gave you then some private and confidential instructions, when he retained you to aid in procuring the subsidy?—A. When he employed me as his counsel in the city of New York.

Q. When he employed you as his own private counsel?—A. He never employed me as his own private counsel. I was his general counsel. He insisted on employing and retaining me.

Q. Did he at any time employ you to aid him, as his counsel, in procuring this subsidy?—A. He employed me to assist him in whatever manner I could, in the city of New York, and to bring him such information as he might impart to Congress and others, in regard to his business here.

Q. There were instructions given to you at that time, in reference to the passage of the subsidy, which you are not at liberty to disclose here?—A. Not particularly in reference to the bill itself.

Q. In reference to the business?—A. The business was his connection with the Pacific Mail Steamship Company.

Q. You said that after you obtained the \$50,000 at Riggs's and delivered it over to this General Smith, by the directions of Mr. Elmore, you staid two or three days in Washington, in the service of the company, and in order to ascertain, first, whether the bill had become a law, and next whether it was really a subsidy to the company or whether the matter was open to competition, and that you were so requested by Mr. Stockwell. Did Mr. Stockwell say that he did not know, up to that time, whether it was a subsidy to his company or not?—A. He was under the impression that some other bidders, or some company in which Mr. Irwin might be interested, whose stock was owned in England, might get the subsidy away from him.

Q. After all this money had been expended?—A. Yes.

Q. He was afraid that the company which Mr. Irwin was interested in might get the subsidy?—A. No; I do not know that Mr. Irwin was interested in it.

Q. Repeat what you said.—A. Mr. Stockwell said that it was understood by the company that there was to be opposition in a bid, or something of that kind, and that he would like to know the exact status of the matter.

Q. Do you recollect how many days it was after you made this deposit in the Brooklyn Trust Company, and after some officer of the Pacific Mail Steamship Company brought this \$50,000 check to you, that you came over here with it?—A. I think it was the same day or the next day; I think it was the 30th of May.

Q. You came over here that night, and it was the 31st of May when you got here?—A. I think so.

Q. Then the check must have come around pretty rapidly from the Brooklyn Trust Company to the Pacific Mail Steamship Company if it reached the latter company the same day as you deposited it, and if it came back to you the same day. That was a pretty rapid transit.—A. I do not know of any reason why they should keep it until the next day.

Q. You deposited the \$275,000 check on the 30th of May, and directed the Brooklyn Trust Company to send it on in smaller checks to the Pacific Mail Steamship Company?—A. The check was broken up.

Q. With directions for them to send the smaller checks to the Pacific Mail Steamship Company?—A. Yes, sir.

Q. I understood you to say that you afterward went to the Brooklyn Trust Company, to indorse these checks?—A. That was on the 30th of May, I think. I gave the \$275,000 to the Brooklyn Trust Company on the 29th of May.

Q. It appears to have been deposited on the 30th?—A. Yes.

Q. Mr. Coe says it was certified on the 29th of May, and that it was not returned to the bank till the 31st of May. It appears in the accounts of the Brooklyn Trust Company that it reached that bank on the 30th of May, and your check for \$500 was drawn against it on the 30th of May.—A. It was not drawn against that sum particularly. I had more money than that.

Q. You stated that you drew those three sums of \$50,000 each, on the 30th of May, and that you went there after that to indorse all those checks. When did you do so?—A. I think the same day.

Q. And then you found that mistake which was made by the Brooklyn Trust Company, in placing \$125,000 to your credit?—A. Yes.

Q. And then you directed the checks for \$115,000 to be sent to the Pacific Mail Steamship Company?—A. Yes.

Q. And you think that they sent all those checks to the Pacific Mail Steamship Company, and that one of those checks came back to you on the same day?—A. Yes.

Q. And you left that very night with one of them for Washington?—A. Yes.

Q. That brought you to Washington on the 31st of May, and you had this transaction with Mr. Elmore and General Smith, that day or the next night?—A. I do not know whether I came to Washington that day or the next day. I cannot be positive whether it was the 30th or the 31st.

Q. How long did you stay here to ascertain whether the bill was signed or not?—A. I looked after the general features of the bill.

Q. The bill was signed on the 30th of June.—A. I staid after that.

Q. What did you stay for after that—after it became a law?—A. For no particular business.

Q. I thought you had some further business with the company.—A. No, sir.

By Mr. KASSON:

Q. It has not been made quite clear to me how you ascertained that Smith was not a fictitious name, but a real one.—A. Mr. Elmore told me, and I saw General Smith afterward.

Q. And talked with him?—A. I will not be positive that I talked with him.

Q. Your merely seeing him did not show to you that he was a genuine General Smith. What means had you of identifying him?—A. I think that I understood that his name was General Smith.

Q. Did you understand it from anybody, except that introduction by Mr. Elmore?—A. I think so. I cannot bring to my mind now. It is what I understood.

Q. You spoke of having permission to state freely what you know about that transaction, and that that permission came from Mr. Irwin. Do you regard Mr. Irwin as authorized to release you from the confidence of the Pacific Mail Steamship Company?—A. No, sir.

Q. That company being your client, he cannot release you?—A. No, sir.

Q. Then you have not yet been released by the Pacific Mail Steamship Company?—A. I have been.

Q. When?—A. I was released before I came here.

Q. By whom?—A. By no particular party.

Q. Must it not be a particular party to release you. Must it not be the same client who engaged you?—A. That does not necessarily follow in a corporation of this kind. I have not been released in regard to Mr. Stockwell.

Q. But it was the company, and not an officer of the company, for which you acted, or supposed you acted.—A. It was the company. I was the private counsel of Mr. Stockwell.

Q. In that matter did you act as the counsel of Mr. Stockwell individually, or did you act as the counsel of the company?—A. I acted as the counsel of the company.

Q. Then who has released you from the company's confidence?—A. I was told that the company said I might say what I pleased about it.

Q. But who was it told you that?—A. I was told so by Mr. Nelson.

Q. Whose authority had Mr. Nelson for telling you that?—A. I do not know. He had been the counsel for the company also. We had been together.

Q. Then you do not know, except by the statement of Mr. Nelson, that you are released from your confidences to the company, and you now state that Mr. Nelson is not one of the counsel of the company?—A. He is not one of the counsel.

Q. Not being a counsel of the company, do you suppose he is authorized to release you?—A. He obtained the information. He told me he understood (I do not know from what person) that I was released.

Q. And that is all you know about your being released?—A. Yes.

Q. One word further, and the essence of this whole matter. Have you any information, in connection with your services or with the payment of this money, that any portion of the \$275,000 went or was directed to go, to any member or officer of the Forty-second Congress?—A. I have no information of the kind.

Q. You mean to be directly understood, then, that, so far as your knowledge or information goes, none of this \$275,000 was actually paid to, or was directed to be paid to, any member or officer of the Forty-second Congress?—A. Yes, I mean to say that.

By the CHAIRMAN:

Q. You have no information of the kind of any character?—A. No information that I could form a belief upon. I have heard plenty of hearsay.

By Mr. KELLEY:

Q. Do you recollect from whom you had that hearsay?—A. I have no idea from whom; I have heard rumors and talk about it.

Q. From any of the officers of the company at the time?—A. No, sir.

Q. From Mr. Irwin?—A. I received no information from Mr. Irwin in regard to that matter.

Q. From any other person in the employ of the company?—A. No, sir.

Q. Then your information is merely outside rumor?—A. That is all. I was asked in reference to the business of Mr. Irwin in New York. At one time Mr. Irwin had a prospect of getting up a steamship company from New York to Liverpool, and I was his general counsel in regard to that.

WASHINGTON, *January 9, 1875.*

RICHARD J. CAPRON sworn and examined.

By Mr. BURCHARD:

Question. What is your business?—Answer. I am a banker and broker in New York.

Q. What was the name of your firm in 1872?—A. R. J. Capron & Co.

Q. It has been testified before this committee that on or about the 21st of May, 1872, a check for \$4,000, on the American Exchange National Bank of New York, drawn by Richard B. Irwin, was deposited by your firm with the Bank of North America and passed through the clearing-house.—A. We did business with the Bank of North America, and we received from Fant, Washington & Co., of this city, \$12,000 that morning

in different checks. This \$4,000 was one of the checks which we received, and deposited with the Bank of North America.

Q. Who are Fant, Washington & Co.?—A. They were bankers in Washington.

Q. Have you examined your books and correspondence to see the entries of those checks?—A. I have the register here with me.

Q. Are there entries in it in reference to that transaction?—A. Nothing whatever. I received the check on the morning of the 21st of May and deposited it in the Bank of North America to our credit.

Q. Did you receive it by mail?—A. Yes.

Q. Have you the letter that accompanied it?—A. I did not bring the letter, but I have brought the register.

Q. What does the register show?—A. Only the deposit.

Q. Does it describe the check?—A. No, sir.

Q. Does it give the name or simply the amount?—A. It gives the name of the drawer of the check of course, and the amount; it was Richard B. Irwin's check for \$4,000, indorsed by Fant, Washington & Co., and by R. J. Capron & Co., and deposited in the Bank of North America.

Q. Did the check have any other indorsement than that?—A. I do not know.

Q. There are no other entries in your register indicating any other indorsements?—A. No, sir.

By Mr. BECK:

Q. You received \$12,000 that morning from that banking-house?—A. I think it was \$12,000; we did a large business with different bankers in Washington that season, Jay Cooke & Co. and others.

Q. Were any of the other checks except this \$4,000 one the check of Richard B. Irwin?—A. No, sir.

Q. Have you had any other checks of Richard B. Irwin from that or any other Washington house?—A. No, sir.

Q. Have you looked?—A. Not thoroughly, but I did not see his name on any other check. All bankers keep a book in which all the checks received by the house are registered.

By Mr. WOOD:

Q. Do you recollect to whom this \$4,000 check was made payable?—A. I do not. I never saw the check; my clerk took it.

Q. You seem to have a distinct recollection as to the indorsement on the check?—A. Not at all, except that the books show that the amount was placed to the credit of Fant, Washington & Co.

Q. Is there any clerk of yours who would be apt to recollect to whom that check was made payable?—A. No, sir; the most correct way to get at that would be to get the man who sent the check.

By Mr. NIBLACK:

Q. You say that this check was deposited in the Bank of North America?—A. Yes, sir.

Q. To whose credit was it deposited there?—A. To the credit of Richard J. Capron & Co., bankers.

Q. It went to the credit of Fant, Washington & Co., on your books, and to your credit in the Bank of North America?—A. Yes, sir.

By the CHAIRMAN:

Q. Have you seen any members of the firm of Fant, Washington & Co. since you came here?—A. I saw Mr. Fant the first day I came here.

Q. Did you ask him anything about the check?—A. I asked him if he remembered sending that check; he first said he did not, and afterwards he said that he did recollect it.

Q. Did he give you any information as to where he got it?—A. I think he told me, but I do not recollect.

Q. How long ago did you confer with him?—A. The evening before last.

Q. It did not make any impression on your mind as to where he got the check?—A. Not a bit.

Q. You knew that that was what we were after?—A. I did not know that that was any of my business; I thought that you could get him, and that he would tell himself.

Q. Did you see his books?—A. Not at all, but I think he mentioned the name of the person from whom he got the check. I know that it was not Mr. Irwin he got it from.

Q. How do you know that?—A. I would have recollected it if he had told me, and I know that he told me some name which I do not now remember; he said he recollected the circumstance of his sending the check.

Q. Then the night before last Mr. Fant knew from whom he got that check?—A. Yes.

Q. If it has slipped his memory it has slipped it since then?—A. He told me from whom he got the check.

Q. And the name has slipped your mind?—A. Yes, sir.

Q. Since the night before last?—A. Yes.

Q. And if Mr. Fant cannot recollect it now, it will have slipped his mind too since the night before last?—A. I suppose he has his book here and can tell.

WASHINGTON, *January 9, 1875.*

SAMUEL J. RANDALL sworn and examined.

By the CHAIRMAN:

Question. This investigation last Congress originated on your motion. If you have any information which you can communicate to the committee, as the ground on which you set the investigation on foot, the committee would be glad to hear it.—Answer. From conversations which I had, I believed that members of Congress had been approached frequently to vote, for a consideration, for the Pacific Mail Steamship subsidy.

Q. Give us all the information which you have, and which it is possible for us to have, on that subject.—A. The remarks which I made in debate at the time were made because I had been told that a member of Congress had been offered \$1,000 for his vote on that subsidy bill.

Q. From whom did you hear it?—A. I think I heard it in two ways. Once through General George W. Morgan, of Ohio, and once through the member of Congress himself.

Q. Give us what you heard from the member himself.—A. It is proper to say that that member did not, in any conversation that I had with him, indicate any purpose whatever to vote for the subsidy, nor did he vote for the subsidy. My impression was then, as it is now, that they had got hold of the wrong character of man. He had steadily opposed the subsidy as much as I had. His name is John B. Storm, of Pennsylvania.

Q. How did Mr. Storm say he had been approached?—A. If my recollection serves me right, he said to me one day, "Are you aware of the

means that are being used to secure the passage of that subsidy?" General Morgan stated substantially the same thing.

Q. Did Mr. Storm go there to ask you if you were aware of the means that were being used?—A. He mentioned it as warning to me as to what was going on, so as to stimulate my energies against the bill.

Q. What did he say had been done in reference to himself?—A. I understood him to say that he had been approached and offered \$1,000.

Q. Was General Morgan's statement in reference to the same instance, or to another instance?—A. I cannot say. My impression was that it was to the same instance.

Q. Have you any other information which you can give to the committee?—A. Nothing that I can think of. I think it due to Mr. Storm to say that at not one moment did he entertain a thought of voting for that subsidy. This warning to me was in order to stimulate my energies against the bill by letting me know what was going on around me.

By Mr. ROBERTS:

Q. I desire to have it appear in the evidence whether you had any other grounds of direct information, except what you have stated, why you offered the resolution?—A. I do not think I had at that time any particularly direct ground, except what was the general floating rumors, which it would not be proper for me to repeat, even if I recollected them.

Q. Have you any other direct information except that which you now submit?—A. No, sir; if I recollect anything else, I will cheerfully state it.

By Mr. BECK:

Q. Look at the Congressional Globe for the proceedings of the House on May 21, 1872, and see whether, on the call of the yeas and nays, Mr. Storm did not vote "no" on that subsidy.—A. [After looking at the Globe.] Yes, sir; I find that the record shows that Mr. Storm voted in the negative. I conferred frequently with Mr. Storm, and I know that there never was an instant when he contemplated the idea of voting for that subsidy.

By Mr. KASSON:

Q. Our object was, inasmuch as you incited this inquiry, to satisfy everybody that the committee had expended all its means of information.—A. In my judgment, it is very proper for the committee to put this evidence of mine on record, but it is desirable also to say that the committee, or at least some of its members, were well aware of what I now testify.

The CHAIRMAN. Our purpose in calling you was merely to make it part of the record.

Adjourned till Monday, January 11, 1875.

WASHINGTON, D. C., *January 11, 1875.*

JOHN B. STORM sworn and examined.

By the CHAIRMAN:

Question. The occasion of our calling you was some testimony that was given by Mr. Randall, on Saturday. Among the reasons about which we inquired of him, and which induced him to move this inquiry, was

a remark made to him by you, that during the pendency of the subsidy-bill you had been approached in some manner to influence your vote. Will you state whether that was so; and, if so, all the circumstances?—Answer. Mr. Randall is partly correct and partly incorrect. I recollect having a conversation with Mr. Randall at that time or immediately after the passage of the bill, in which I stated to him that a member of the House had been approached, but I did not say to Mr. Randall (or at least if he says I did he is mistaken in saying so) that I myself was the person approached. I was not approached by any one on that subject, directly or indirectly.

Q. But did you say that a member was approached?—A. I related to him, as I think I did to several members, friends of mine, the circumstance of a member informing me that he had been approached, and it is that which I presume Mr. Randall has reference to.

Q. State what you know about that.—A. I presume that I have the gentleman's permission to tell it, although he never said that I should or that I should not. Mr. Parker, of New Hampshire, informed me about the time the post-office appropriation bill of 1872 was before the House, in which bill was the Pacific Mail Steamship subsidy, that as he was coming down the stairs from the ladies' gallery, a man stopped him and told him that he had better go back to the gallery and not go down and vote against that measure. That is what Mr. Parker told me—that the man said he would give him \$1,000 if he would go back to the gallery and not go down and vote against the bill. Mr. Parker said that he ought to have kicked him down stairs, or something like that. That is all I know about it. I suppose that in mentioning that fact to Mr. Randall he supposed that it was my own personal experience which I was relating, but it was not. No man ever said a word to me on the subject.

Q. Did Mr. Parker say who the person was?—A. He said that he was a stranger to him and that he did not know him.

Q. You voted against the bill?—A. Yes, sir; I voted for Mr. Holman's amendment, which was considered an adverse proposition. I think Mr. Holman's motion was to strike out the amendment of the Senate and leave the amount of the subsidy \$500,000, as it was originally. I voted for that amendment, and I also voted directly against the subsidy.

By Mr. WOOD:

Q. Did you hear of any other member who was approached?—A. No, sir, except what I have seen in newspaper reports since this investigation commenced. I remember intimating in my speech that I believed that such influences were being used, but that statement was made from rumors. I presume that what I said to Mr. Randall led him to believe that the circumstance related to myself.

WASHINGTON, D. C., *January 11, 1875.*

HOSEA W. PARKER sworn and examined.

By the CHAIRMAN:

Question. Are you a member of this Congress?—Answer. I am.

Q. And you were a member of the last Congress?—A. I was.

Q. Pending the passage of the post-office bill in 1872, which had the

steamship subsidy in it, were you approached by anybody in relation to your vote upon it?—A. I do not recollect to have been.

Q. Mr. Storm testifies that he recollects your stating to him that on one occasion, when the vote was being taken on that bill, you were going down the stairway from the ladies' gallery, when a man approached you and said to you that if you would go back to the gallery and withhold your vote, he would give you \$1,000.—A. I do not recollect ever having said that; I remember overhearing some conversation as I was coming down from the ladies' gallery at that time between some gentlemen who were at the foot of the marble stairway, but the conversation was not directed to me.

Q. What did you hear—that which I have stated?—A. Not as applied to me.

Q. State what you did hear.—A. It really had gone from my mind. I do not recollect the words, but it was to this effect: These men were talking about the carrying through of the measure, and that it would go through, and that members who felt as if they could not vote for it need not necessarily vote at all. That was the substance of the remark I heard. But I did not intend to convey the idea to Mr. Storm that the conversation was directed to me.

Q. Is that all that you recollect about the conversation? Was there anything said about \$1,000 or any sum of money?—A. I do not recollect anything of that kind, while it may have occurred. My mind has not been directed to the occurrence since then.

Q. Do you recollect who the gentlemen were?—A. No; I do not think I knew them at the time.

Q. Do you recollect having any conversation with Mr. Storm on the subject?—A. I have no definite recollection about that; I presume I did mention to Mr. Storm, about that time, my having heard some such conversation.

Q. Were you up in the ladies' gallery when the vote was being taken?—A. I think I was up in the ladies' gallery during the progress of that vote. I ought to say, though, that I think I voted every time against the measure.

Q. Do you recollect being in the ladies' gallery any of the time that the roll was being called?—A. I have no definite remembrance about that. I presume I was. I have an indistinct recollection of coming down out of the gallery, where perhaps my family was, and overhearing some conversation of these gentlemen at the foot of the stairway. I never should have thought of it again. I do not think I was approached by anybody.

By Mr. NIBLACK:

Q. Mr. Storm says that you were approached when you came down the stairs, and were offered \$1,000 to go back to the gallery; and that you said you ought to have kicked the fellow down-stairs.—A. I do not think that anybody offered me money. I presume that I spoke to Mr. Storm about that conversation. I may have said something about kicking the man down-stairs. I know that that would express my sentiment about the matter.

By the CHAIRMAN:

Q. Does that express your memory?—A. I really have not any definite remembrance about the matter. I know that I was unalterably opposed to the subsidy from beginning to end, and I believe that first and last, and all the time, I was opposed to it.

Q. We want to know whether you did make any such communication to Mr. Storm.—A. I think Mr. Storm must be mistaken.

Q. You say positively that nobody approached you on the subject?—A. I am very confident that nobody approached me.

Q. You could not have any doubt upon such a circumstance.—A. No; I have no doubt about it whatever. I may have communicated the circumstance to Mr. Storm in the House, and in the confusion of the occasion he may have misunderstood me.

Q. You are positive that nobody approached you on the subject?—A. I am confident that nobody approached me.

Q. Will you say positively that you did or did not overhear any conversation between other parties in which any sum of money was mentioned?—A. No; I would not say but that I may have heard these parties speaking about \$1,000, or any other sum, but I cannot say. I am confident, however, that that conversation was not directed to me. It was coming down from the gallery on the east side, and the halls were pretty full of people.

By Mr. ROBERTS:

Q. The conversation to which Mr. Storm refers and this offer of money would have been an important conversation. Would you not have remembered such a conversation if you had heard it?—A. I think I should have remembered it.

Q. Then do you desire us to understand that there was or was not an offer or a suggestion of an offer of money in the conversation which you did hear?—A. My recollection is, so far as I have any recollection on the subject, that these gentlemen were talking about the matter, and that money was talked about; but I certainly cannot give the words.

Q. But can you say distinctly that money was talked about as being offered for votes, or for the withholding of votes, upon that occasion?—A. I do not know that I can say so distinctly. It was a mere casual matter. I was coming down the stairs, and these gentlemen were talking. I do not think I stopped long, if at all.

Q. This matter has been before the country now for more than a year. Have you not endeavored to refresh your memory as to the conversation?—A. No; I do not think that the matter has ever occurred to my mind since.

Q. Can you say whether any members were in the group in which the conversation occurred?—A. I do not recollect, but I should think not. It is my recollection that no members were in the group.

Q. Was any person in the group whom you can name?—A. I think not; I do not think I knew the gentlemen who were talking.

Q. Was there anybody in the group who was at the time known to you as an officer of the House?—A. I cannot recollect that there was. I do not recollect now that there was a person there whom I recognized as an officer of the House.

Q. But the conversation, bearing, as it did, on the question of legislation, would naturally impress itself upon your mind?—A. Yes.

Q. Will you state distinctly that impression as it was made on your mind in view of the importance of it?—A. The impression made on my mind was this: that these gentlemen were lobbyists endeavoring to put this measure through, as I thought, by unjustifiable means, and that is probably why I remember anything about it.

Q. That impression being made on you, would it not be natural that you should recollect something of what was said?—A. I have stated

something of what was said, so far as I recollect it at all. It was that members who did not feel like voting for the measure were not obliged to vote at all. I overheard something of that kind, I think.

Q. And you heard the suggestion that money might be had for refraining from voting?—A. That was the impression I obtained.

Q. Of the persons who were there gathered, did you meet any one afterward?—A. Never, to my knowledge.

Q. You have no way in which you can indicate to us, by description or otherwise, who the persons were?—A. No, sir; I have none.

By Mr. BECK:

Q. Have you talked with Mr. Storm or Mr. Randall about their testimony?—A. No, sir; not at all. Mr. Storm saw me a few minutes ago and told me what he had stated here.

Q. That is the first time that your mind has been recalled to that circumstance?—A. Yes; that is the first time.

Q. So that it has been sprung upon you rather suddenly?—A. Certainly. I said to Mr. Storm, "I think you must be mistaken about that." He said he remembered me telling him something of that kind.

Q. You and Mr. Storm were quite intimate?—A. Very much so.

Q. You sat near each other?—A. I do not recollect how near we sat. I think I was as intimate with Mr. Storm during the Forty-second Congress as I was with any member of the House.

Q. And you frequently talked together?—A. Yes.

Q. We had at first defeated that subsidy measure in the House.—A. We had, and my vote helped defeat it.

Q. Then the Senate put it in the post-office appropriation bill, and it was carried by yeas and nays in the House?—A. Yes.

Q. Did that fact not cause a good deal of talk as to the means by which it was carried?—A. Yes, sir; we talked about it.

Q. And the chances are that whatever you heard anybody say in the lobby you went and repeated to Mr. Storm at once?—A. Very likely that was so. I think that whatever I said to Mr. Storm was said there in the excitement of the House.

Q. If any remarks were made by you not quite so pious as a New England gentleman would be expected to make, the excitement of the occasion would be the excuse?—A. I presume I did say something of that kind; it would be quite natural. I do recollect coming down from the gallery and going into the House when the excitement was pretty strong, and I think I recollect having some talk with Mr. Storm on the occasion. I know that I was unalterably opposed to the subsidy from beginning to end, and regarded it as a swindle.

Q. Were you asked by any of these gentlemen whom you heard talking on the stairway whether you were a member of the House?—A. I do not recollect that I was.

Q. Do you recollect any conversation, while you were in the gallery, in reference to the subsidy by any of those parties?—A. I do not recollect any conversation. I presume it was talked about while I was up there, for the gallery was very full.

Q. You have no recollection now of having heard money mentioned, or any sum of money, by these gentlemen on the stairs?—A. I will not say that I have no recollection of having heard money mentioned by these gentlemen, but I have no definite recollection of hearing any sum mentioned.

Q. Were they talking to any members of the House?—A. I do not recollect that they were; they were talking there together, and my

recollection is that I overheard something about money, but really I cannot give the language, it was not directed to me.

Q. May you not have suspected that you were being talked at by these men?—A. I presume that that was my idea when I came into the house, that perhaps they were talking for my benefit, but I do not know the fact.

WASHINGTON, D. C., *January 11, 1875.*

LYMAN ELMORE sworn and examined.

By the CHAIRMAN:

Q. Where do you reside?—A. I reside in Brooklyn, New York.

Q. What is your business?—A. I am an attorney at law.

Q. Where is your place of business?—A. I have an office at 69 William street, New York. I am generally here in Washington about one-half of the year.

Q. Have you an office in Washington?—A. I have had until within the last few months.

Q. Where was your office?—A. 1304 F street.

Q. What was the nature of your business in Washington?—A. Almost entirely departmental business, attending to accounts, abatements, and refunding claims of railroad companies, and other interests of theirs which may happen before Congress.

Q. Have you had any business in the city of Washington for the Pacific Mail Steamship Company?—A. None whatever.

Q. Have you been employed by them?—A. I have never been employed by them; I never received a dollar from them.

Q. You took no part in the matter of aiding any one in procuring the passage of what is called the subsidy measure of 1872?—A. I have never believed in subsidies. I never advocated one. I certainly did not advocate the Pacific Mail Steamship Company subsidy.

Q. And you aided nobody in that regard?—A. Nobody.

Q. Did you know of any persons who were aiding the Pacific Mail Steamship Company at that time?—A. I believe I did.

Q. Who do you suppose they were?—A. I recollect hearing Governor Randall, of Wisconsin, saying that he was aiding them.

Q. Any other gentleman?—A. Mr. Moran, of Philadelphia. They both boarded at the same hotel I did. I only got it from themselves.

Q. Any other person that you know of?—A. I have heard a gentleman claim since then that he was employed.

Q. But at the time did you know of any others?—A. I did not.

Q. Has anybody since then claimed that he was aiding them?—A. A gentleman named Averill, I think, told me he had done considerable service for them.

Q. Where does he reside?—A. My impression is that he resides in Western New York, and he is generally here during the sessions of Congress.

Q. Any other gentleman?—A. Mr. John G. Schumaker. I have heard him state that he was acting as attorney for the Pacific Mail Steamship Company.

Q. What do you know about Mr. John G. Schumaker's service in connection with that matter? State all you know about it.—A. I can state it exactly as the transaction occurred, which I presume is what this committee wish to know about. At my office in Washington there were from twenty to fifty people a day calling, and I met and was introduced to a great many people at saloons and elsewhere. In this way I was introduced to a gentleman by the name of General Smith. I met

him probably three or four times during the spring of that year. One day, passing from the Treasury Department down F street, he was talking with a group of gentlemen, and he called me and came up to me in the middle of the street, and asked me if I knew the attorney of the Pacific Mail Steamship Company. I said that if it was Mr. Irwin I did not know him except by sight. "No," he said; "he is the agent. I mean the attorney in New York. You have a New York office, have you not?" I said that probably I knew most of the attorneys in New York, and he said: "They are to send over their attorney from New York to pay me some money. Have you any objection to identify me?" I told him certainly not. I passed along down the street. Three or four days passed, when one morning John G. Schumaker came into my office and threw down a check for \$50,000, saying: "I was instructed to give that check to you." I did not even pick up the check. I saw it lie there. I said, "Not for me; you are mistaken." "No," said he, "the Pacific Mail Steamship Company told me to pay that to you or to somebody whom you were to identify." I told him then that I knew who the gentleman was and would see him during the day probably, and would let him know. I then made a suggestion to him different from what the report in the newspapers seems to indicate. I did not say that I could not draw the check and that he must get it cashed, because I could have drawn the check very easily if I had wanted to; but I remember making this remark: I said, "You are not going to pay in a check, are you?" He then said he would get it cashed. My remark was a natural remark of caution. I made an appointment with him between 2 and 3 o'clock. I met this gentleman, Mr. Smith, and he came to my office about half past two. My own desk being in the back room, he sat there reading papers, and became very nervous, and kept suggesting that he thought Schumaker had made up his mind not to come around again, but some time after three o'clock Mr. Schumaker came in. The only remark that I made to him was, "This is the General Smith who I believe was to meet you here." After shaking hands he stepped up to the dressing bureau back of my desk, and he pulled a roll of bills out and said, "Count that." After counting the money he said, "That is all right." After making some remarks about Brooklyn, Schumaker left the office. I then made the jocular remark to General Smith that that was too much money for one man to carry. He said if it was for him he would be very glad to make a divide, but that he had nothing to do with it, except that he was receiving it for other parties. He left the office. A few days after that I left Washington and was not here for several months. I came on again the next winter and was introduced to General Morgan L. Smith. Supposing that he was the Mr. Smith I had met in my office, I recollect making the remark that I guessed we had met before, and he neither assented nor dissented. I asked him if he had not changed his whiskers, under the impression all the time that he was the same gentleman. Again, in December last, I said to him when this investigation came on, "I suppose they will have us before the committee." He said he did not know anything about it; that he could tell them all he knew about it in five minutes. That is the only thing I know about the transaction.

Q. Was that the General Smith you introduced to Mr. Schumaker?—

A. I supposed it was, but subsequent events have led me to believe that it was not.

Q. What were those events?—A. Simply that Mr. Morgan L. Smith never intimated that he was the man, or that we had met, until that time. He seemed to regard it, this December, as a strange circumstance

that I should think that he would be before the Committee on Ways and Means.

Q. Had General Morgan L. Smith whiskers?—A. He had a mustache, but my impression is that the gentleman who was at my office had a mustache and chin-whiskers; and with the hundreds of introductions that I had in Washington, it is natural that I should make mistakes.

Q. When you met this man who was introduced to you as General Morgan L. Smith, did he resemble the man who was introduced to you as General Smith?—A. He did; and if I had been called upon I should have said that it was General Morgan L. Smith that the money was paid to.

Q. State more distinctly what has transpired since which leads you to doubt his identity.—A. Nothing more than this: In the first place, I did not receive a dollar of the money; that is not like General Morgan L. Smith. This gentleman left the office, simply thanking me for having given him the use of the office, and saying if he had had anything to do with it he would have been very glad to divide. I think that General Morgan L. Smith would have found a way of saying, "Here is so much for your self, as you have had some trouble in the matter," for he was by nature a generous, big-hearted man. Afterward, when we became quite intimate, and when I spoke to him about it, my impression is that if he were the same person he would have talked the matter over, for we talked on all subjects that we were connected with. This circumstance makes me believe that I was merely used to identify the person to whom this money was to be paid, without there being in reality any necessity for my use.

Q. Is it your belief now that that was General Morgan L. Smith?—A. I would not want to swear positively on that either way.

Q. Have you doubts now?—A. I doubt whether it was Morgan L. Smith.

Q. Tell me why you made that remark "Are you going to pay the money in check?"—A. It has got—even without any necessity existing for it probably—that men rather object, here in Washington, to receiving checks—even checks payable to bearer—especially if the checks are in connection with legislation, for fear of suspicion attaching to them.

Q. You mean in matters which it would be best to keep secret?—A. I always give checks.

Q. Men in fair, open business transactions have no objections to taking checks?—A. None in the world.

Q. Then, when you say it has got to be a little skittish to take checks here in Washington, to what kind of transaction do you allude?—A. I allude to the uneasy timidity which exists, for fear there might be a suspicion attached to the receipt of a check.

Q. About any particular class of transactions?—A. It runs throughout almost all transactions, although it only refers to certain transactions which are illegitimate.

Q. What kind of illegitimate transactions?—A. Those in which money goes to influence legislation.

Q. And it has grown out of that suspicion?—A. Yes.

Q. Was that what you alluded to to Schumaker when you remarked, "You are not going to pay in check?"—A. It was. That was a large amount of money \$50,000, and I presumed it was to be distributed up by Mr. Smith; and I did not suppose that he would want it traced back to a check.

Q. State a little more distinctly this first interview with Mr. Schumaker, and your subsequent interviews with General Smith. When

did you first come in contact with this Mr. Smith?—A. I was introduced to him, I believe, in the Ebbitt House saloon.

Q. By whom, do you recollect?—A. I do not recollect. I may have met him two or three times, and not recollected his name, and bowed to him. I may have drank with him a few times. I came down from the Treasury Department, and I recollect where they were standing at this corner by Willard's Hotel, opposite the Ebbitt House. He called me, and I stopped; and he came out in the street and asked me if I knew the attorney of the Pacific Mill Steamship Company. I told him if it was Mr. Irwin I did not know him, except by sight, and that I was not personally acquainted with him. He said, "No, the attorney in New York." He said, "You have a New York office?" I told him I had, and that I thought I would be acquainted with any attorney in New York, as I had been there a great many years. He stated then that the attorney of the company was coming over to pay him, he either said a large amount of money, or some money, or something of that kind, and he wanted to know if I would identify him. I do not think he said that the attorney was coming over; but I think he said he was going to pay him a large sum of money. I said I had no objection, and then I left him and went away.

Q. When Mr. Schumaker handed out this money to him and left, was there anything said between you and this gentleman, who went by the name of General Smith, as to the amount?—A. No, sir.

Q. Did you observe the size of the bills?—A. It was not a thick package. I saw a \$1,000 bill; I remember that it was a package of, I should think, not more than an inch in thickness; I could not tell the amount; I never counted it or had it in my hand.

Q. I suppose you allude to the bill on the top of it, that you saw?—A. I saw it as he rolled it up; he rolled it up and put it down in his pants pocket. I have a pretty good memory, and remember circumstances a great many years better than I remember faces, and as he rolled it I saw a \$1,000 bill. That is what caused me to make the remark that that was too much money for one man to carry off.

Q. When the check was left on the table, did you notice the check?—A. I did notice the check.

Q. For what amount was it?—A. I think for \$50,000, even money. It was on Riggs & Co.

Q. Was it on Riggs & Co., or was it merely indorsed to them?—A. I think it was a check drawn on Riggs & Co. The check was for \$50,000, because I made a remark as to the amount.

Q. The check cashed by Riggs & Co. was not a check drawn on them?—A. I cannot tell exactly about that. The check was before me, but I did not even take it up. It might have been on a New York bank, or it might be a check cashed by Riggs & Co.; but I got the impression that it was drawn on Riggs & Co. I never had the check or money in my hand. I never had anything to do with the Pacific Mail subsidy, and never received a dollar from it.

Q. You never had anything to do with either the check or money, and had no interest in it?—A. None whatever, and I had no money in my hand. I never received a dollar, and never heard the matter mentioned afterward.

Q. Did you ever have any directions as to the disposition of it from the Pacific Mail Steamship Company, or from any other person?—A. No, sir; and I admit that, as a lawyer, it was a matter of surprise to me that such a trifling identification was all that was required to deliver over that sum of money. I admit that I thought of it very often since.

Q. When did you communicate these interesting facts to anybody?—

A. I have spoken of the matter within the last ten days. Mr. Schumaker himself spoke to me, and asked me if I remembered the circumstance. I told him I did. Said he, "I wish you would state what you remember," and I stated my recollection of it.

Q. When did he communicate with you?—A. Five or six days ago.

Q. What time of the day?—A. I think it was about half-past nine in the evening of last Wednesday.

Q. After you had retired to bed?—A. No, sir; it was at his hotel. I first stated the fact to Mr. Crooke, a member of Congress from Brooklyn, and said that I had learned that Mr. Schumaker was going to bring my name into the matter, and that I did not see the necessity of doing it, as it would injure my business, and I did not want anything of the kind. Mr. Crooke did not seem to agree with me. I waited till half-past nine, when Mr. Schumaker came into the hotel, and I went up to his room to induce him not to mention my name. He pretended to say that it would not injure me at all; that it was a transaction that I had nothing to do with, and he insisted that he should say something. He afterward came down to my house and came up to my room, and said that he hoped that I would not dodge the responsibility. I told him that he should tell the truth; but that I would prefer, if he could get along without mentioning my name, that he would not mention it, as it would annoy clients of mine, who would read his version of it before they would get mine. Mr. Schumaker makes a mistake when he says that I said that I could not draw the check. Although I do not consider it a matter of very great importance, still I did not make that remark.

By Mr. KELLEY

Q. And you say that when Mr. Schumaker put down the check, you asked him whether he was going to pay the money in a check?—A. That might not have occurred at the moment of his laying down the check, but before he left my office I said, "You are not going pay in a check, are you?"

Q. Why did you make that remark?—A. It may have been a remark to indicate to him, in a joking way, that it was a transaction that I thought had better be covered up, and that a check would enable it to be traced.

Q. General Smith had told you that the payment was in connection with the Pacific Mail subsidy?—A. Yes.

Q. Have you any doubt now that this person was General Morgan L. Smith?—A. I have doubts, though I think it more than likely that it was he. My doubt arises merely from the circumstance that for the last two and a half years that I have known him he never mentioned the matter to me, and when I suggested it to him last December, my remark did not even call out any response from him that alluded to the transaction in my office.

Q. How did you know him sufficiently to identify him?—A. This was the identification. I said to Mr. Schumaker, "This is the General Smith who says he was to meet you here." I was not going to assume the responsibility that he was the man to whom the money should be paid.

By Mr. ROBERTS:

Q. When Mr. Schumaker came to you did he ask you to take the money yourself?—A. He laid the check down on the table and said that he was instructed to give me either the money or the check.

Q. And you declined to receive it?—A. For a moment I did not know what it was, and said that it was a mistake, and that it was not for me.

But when he said that the Pacific Mail Steamship Company had sent him and had told him to pay it to me, or to some one whom I would identify, I said, "Oh, I know now who the money is for," and then I told him of the circumstance of the gentleman having asked me to identify him to an attorney of the company. He said "That is the man," and he requested me to see him, which I did.

Q. Were you to identify the person to whom the money was to go?—

A. Yes; this gentleman had told me that the attorney of the company was to come here and pay him the money, and Mr. Schumaker came to my office and told me that he came to pay the money to a man whom I was to identify.

Q. Did you have any other reason for identifying this Mr. Smith than that?—A. None whatever; I knew nothing of the transaction.

Q. If you had been asked the next day whom you had identified, and to whom the money went, what would you have said?—A. I should have said General Smith. I could have then, probably, gone to the parties who had introduced me and ascertained which General Smith it was, and what section of the country he was from. I know two or three General Smiths. I know a General Giles A. Smith; it was not he.

Q. The amount was pretty large, and you were in a certain sense responsible for it?—A. There was no privity of contract between the Pacific Mail Steamship Company and myself which would require me to do anything more than I did. I did nothing more than my knowledge permitted me to do, and as soon as the company paid on that kind of an introduction it was their responsibility and not mine.

Q. The identification was similar to the identification which you would have expected to make to get payment of a check at a bank?—

A. O, no; I am acquainted with two hundred and fifty persons in the city of Washington who come and shake hands with me, but whose names I do not know, but yet if one of them told me his name, I would remember in a moment his associations and connections, and with whom I had met him. I told Mr. Schumaker directly that a General Smith told me that he was to meet an attorney of the Pacific Mail Steamship Company, and he might have said that he was to get \$50,000 from me.

Q. Mr. Smith stated to you that he was to receive this money?—A. Yes.

Q. Might he not just as well have made that statement to Mr. Schumaker, so far as your identification went?—A. No, sir.

Q. What was the essence of your identification?—A. My impression was that the company wanted to get that money here, and did not want it to go directly to the parties who were to receive it, and that this man said, "There is Elmore, he is a New York man," and they said we know him. It was to get the money here and to find a man whom they could get to notify parties in New York and that would see to its delivery. I do not know that Mr. Smith had anything to do with the money. I think if it was General Morgan L. Smith he might have done it as a kindly act. I do not think there is a corporation in New York of which some of its members do not know me, and perhaps some member of the Pacific Mail Steamship Company would say, "Yes, I know Mr. Elmore, and that identification will be sufficient."

Q. Then this money was paid in the way you have indicated, because the officers of the Pacific Mail Steamship Company knew you?—A. Because my name had been indicated to them by General Smith or somebody else who said the money should be paid to Mr. Smith at the office of Lyman Elmore. If they asked Mr. Schumaker, "Do you know Elmore," he would have said, "Yes; I know him intimately."

Q. I want to get at what knowledge you had of the person whom you identified?—A. I had no more acquaintance with him than I have with one-half the people I know here in Washington who pass current as certain individuals, and whom I meet in social and business relations.

Q. But the name of Smith is a very common name, and the sum of \$50,000 is a very uncommon sum to be paid.—A. It is a pretty large sum of money.

Q. Do you wish us to understand that you identified a Mr. Smith, whose first name you did not know, on his own statement?—A. Simply that he was to receive this money. You put that in the nature of an identification of the man, as though I guaranteed the man to be the person who was to receive the money. I did not. I stated exactly to Mr. Schumaker what had been stated to me, and he remarked that that was the man, or that he supposed it was the man. When Mr. Schumaker came into my office I was sitting at my desk, and I simply said to him, "This is the General Smith who said he was to meet you here." I would have done that for any man whose introduction I could not guarantee, but it was a transaction which I was very sorry occurred in my office.

Q. Then you simply said to Mr. Schumaker that this was the Mr. Smith who was expecting to have the money?—A. Yes.

Q. Do you mean us to understand that you had no knowledge of this Mr. Smith in connection with this affair, except that he told you that he expected to get the money?—A. I had been introduced to him, and met him, and known him socially, probably three, four, or five weeks. I am not much out of my office except at the Department, and I knew him as well as I knew any other man in the lobby.

Q. Was this General Smith in the lobby? Did you know him as being in the lobby?—A. That is a very difficult body to define.

Q. But you have just said that you knew him as well as you knew anybody in the lobby?—A. The term "lobby" here would apply to all those who are hanging around to see if they cannot induce clients and others to think that they have influence to help them to secure legislation. Now they may succeed in getting fees and opportunities to work, or they may not, and yet they will be designated as being in the lobby.

Q. Was that General Smith known to you as a man of that class?—A. He was not.

Q. Did you know any of his antecedents or where his residence was?—A. I did not.

Q. Or his services in the Army?—A. I did not.

By Mr. NIBLACK :

Q. What time of the day was it that Mr. Schumaker last called on you at your hotel?—A. It was pretty late at night—pretty near midnight. I had gone to bed. He tried to show to me that the transaction was entirely simple and did not involve me at all. I told him then that my clients would not understand it, and that it would consequently create annoyance with them in making them think that I was mixed up with the Pacific Mail Steamship subsidy.

Q. Had you acquaintance with any General Smith except this general to whom you refer and Giles A. Smith?—A. I became very well acquainted with General Morgan L. Smith.

Q. This person who came to your office was not General Giles A. Smith?—A. It was not he.

Q. And afterwards, when you became acquainted with General Morgan L. Smith, you thought that he was the man?—A. I always thought so.

Q. Did you become acquainted with any other General Smith?—A. I met General Baldy Smith.

Q. It was not he?—A. It was not he; and if it was not General Morgan L. Smith I do not know who it was. Up to this December I should have sworn that it was General Morgan L. Smith.

Q. And the only reason why you doubt it is that he parried off your allusion to the circumstance?—A. Yes. When I referred to the probability of our being before the Committee on Ways and Means he looked rather strange, as if he had nothing to say about it; and I thought it rather strange that he should have forgotten that circumstance.

Q. He might have simply tried to throw you off your guard by his manner?—A. O, yes.

By Mr. BURCHARD:

Q. What time of the day was it that Mr. Schumaker brought the check to your office?—A. I think it was in the morning, shortly after I got to my office from the hotel. It could not be far from nine or ten o'clock.

Q. I understood you to say that your introduction to General Smith in the saloon was three or four days before this occurrence?—A. O, no. The introduction must have been three or four weeks before that, but his stopping me in the street was only three or four days before.

Q. Then there was something of an interval between your first acquaintance and his meeting you in the street?—A. Yes.

Q. Was that the first time you recollect seeing this General Smith?—A. I think it was.

Q. Did you ever see him about the Capitol?—A. I do not think I ever did. I am pretty positive I never did.

Q. Did you know at what hotel he was stopping?—A. I did not. I recollect that I met General Morgan L. Smith the next winter, and I know that his not recollecting me when he was introduced to me was a matter of some surprise.

Q. Have you been here a number of winters?—A. Yes.

Q. And every session of Congress?—A. I have been at every session of Congress for the last four years.

Q. Mr. Morgan L. Smith has been a resident of Washington for some time?—A. I never knew him before that.

Q. Did you ever know of him before that?—A. I never knew of him before that.

Q. Who introduced you to General Morgan L. Smith the last time?—A. It was either E. C. Ingersoll or John C. Conner, a member of Congress.

Q. Where were you introduced?—A. At Willard's Hotel, up in Mr. Conner's room.

Q. Did Mr. Smith then recollect you as having met you before?—A. He did not seem to. I asked him about his change of whiskers, and he passed it off as though he did not regard it worth answering.

Q. Did you recollect him as a person whom you had met before you met on that occasion?—A. There were two or three persons in the room, and I was introduced to all of them, and I think that when I spoke to General Smith, I believed that I had met him before.

WASHINGTON, D. C., *January 9, 1875.*

CHARLES ABERT recalled and examination continued.

By the CHAIRMAN:

Question. You have testified that you received from the Pacific Mail Steamship Company \$125,000?—Answer. Yes, sir; received from Mr. Irwin.

Q. Of that sum you deposited to his credit?—A. Eighteen thousand five hundred dollars.

Q. The balance of that \$125,000 you have testified that you disbursed to his order?—A. Yes.

Q. That you received a list of persons to whom to pay it?—A. Yes.

Q. That you have paid according to his order to those persons that entire balance?—A. Yes, sir; \$106,500.

Q. That you disbursed it, by his order, to different persons, according to a list furnished you by him?—A. Yes, sir.

Q. And that you accounted to him for those disbursements?—A. Yes, sir.

Q. That you accounted to him at San Francisco after his return?—A. Yes, sir.

Q. About what time did he return to San Francisco?—A. He left New York for San Francisco, as far as I know, on the 27th of May.

Q. Do you know of his stopping anywhere on the way?—A. I do not.

Q. Did you deposit any of that money to your own credit anywhere?—A. I deposited to my own credit \$5,000.

Q. Had you previously to the disbursement deposited any of the money which you disbursed?—A. To the best of my recollection I had not.

Q. You had held it in your hands, in the form of money?—A. Yes, sir; the payments were promptly made.

Q. In the form of money?—A. Yes, sir.

Q. Will you give us the names of the persons to whom you distributed that \$106,500 according to the directions of Mr. Irwin?—A. That question I decline to answer.

Q. Do you desire to give here any reason why you decline to answer it?—A. In order that I may consult counsel, and also that I may obtain an order of the House.

Q. You decline to answer at this time?—A. As at present advised, I do.

Q. You have testified that many of the persons to whom you disbursed this money were strangers to you?—A. I do not know whether I said "many." I said that some of them.

Q. Some of those persons you had never seen before, and have never seen since?—A. No, sir.

Q. You distributed this money to them in Mr. Irwin's rooms?—A. I do not recollect that I distributed all of it in Mr. Irwin's rooms.

Q. Did you distribute any portion of it in Mr. Irwin's rooms?—A. I distributed the greater part of it in Mr. Irwin's rooms.

Q. After Mr. Irwin had left for California?—A. Unquestionably.

Q. Were you introduced to those persons whom you had never seen before and have never seen since by any person?—A. Unquestionably I was.

Q. Will you give us the name of the person who introduced those gentlemen to you?—A. As at present advised, I must decline to answer that question.

The CHAIRMAN. If you change your mind before 12 o'clock on Monday next, please to notify the committee.

The WITNESS. I will do so.

WASHINGTON, D. C., *January 11, 1875.*

CHARLES ABERT recalled and further examined.

By the CHAIRMAN:

Question. By order of the House of Representatives I again ask you, will you give us the names of the persons to whom you distributed the

\$106,500 belonging to the Pacific Mail Steamship Company, according to the directions of Mr. Irwin?—**Answer.** In view of the position in which I am placed by the opinion of Mr. Johnson, given last week, I desire to submit a statement to the committee, and at the conclusion of that statement the answer to that question will come in.

The **CHAIRMAN.** Proceed.

The witness read a statement as follows :

To the honorable the Chairman of the Committee on Ways and Means of the House of Representatives :

I return before you in accordance with the understanding on Thursday last, when you kindly relieved me, after patiently listening to the paper I then submitted.

You have declined the request made therein, and insist on an answer to the question pending.

The only thing left for me to do is to decide whether I shall answer it or not. I think the committee have appreciated my position toward Mr. Irwin, and have been satisfied that my reluctance to reply to this question has been caused entirely by that position. If I had felt at liberty to consult my individual opinion and interest only, I would not have hesitated to answer the question when first put me, and thus have avoided the appearance which delay may have suggested.

In consequence of his refusing his consent that I should give the names of the persons to whom I made payments, as directed by him, and in compliance with his suggestion, I asked the opinion of my friend, the Hon. Reverdy Johnson, which was given in my statement on Thursday, in which he says, "If you were employed by Mr. Irwin as his counsel, and in that capacity were directed by him to employ other persons, and to pay them out of the funds placed in your hands for the purpose, you cannot legally or morally, without his consent, disclose their names."

I was employed by Mr. Irwin, as counsel and attorney, and acted for him, but was not directed by him to employ any of the persons whom he directed me to pay out of the funds placed by him in my hands for that purpose. This opinion of Mr. Johnson's does not therefore reach my case and protect me. I was merely directed or requested to pay them, in some cases not previously knowing that they had been employed, and some I never saw until I paid them. The opinion was asked as a guide to my conduct, and I would have felt bound by it had it been applicable to my position, no matter what the result would have been.

I have felt obliged, therefore, since before the committee on Thursday last, to examine for myself, more carefully than I had done, the question of confidential or privileged communications between client and attorney or counsel, and find that as the rule on the subject is one of policy or necessity, and operates to the exclusion of evidence, its operation is strictly limited to *communications made in the course of professional business*, pending the relation of counsel or attorney and client * * * and does not extend to any communications, although made to an attorney, if only employed as a mere *agent at the time*. The principle declared is too clear for doubt, that "when an attorney is *consulted on business within the scope of his profession*, the communications between him and his client are strictly confidential, and the attorney should not be required nor permitted by any judicial tribunal to divulge them against his client, if the latter objects to his evidence, * * *

which immunity, however, does not extend to the case of an agent or steward ;” and “the privileged communications are confined to such as are made in strictly professional intercourse.” (1 Wheaton Crim. Law, 773.)

I have examined this question with special view to the relations of client and counsel, which have existed between Mr. Irwin and myself, and most sensitively affected by the long-subsisting family relations, which, I trust, may remain unimpaired, and with which this committee have nothing to do.

If there were any higher obligations of conscience, duty, and honor resting on me to prevent me from answering the pending question than those under which I stand before you as a sworn witness, you would not, I believe, ask me to violate those obligations, and if you did I could not be induced to violate them. On my application, my client has refused his consent for me to answer the question, for reasons which he may satisfactorily give when the opportunity arrives, in his judgment, for him to do so ; and he expressly leaves me to testify or not testify to any or all the facts which have come to my knowledge as his counsel and attorney, according to my conscience, sense of duty, and knowledge of the rights and relations of counsel or attorney and client.

Whatever reasons Mr. Irwin may have for the course he has felt it his duty to pursue under this investigation, his case being different from mine, I find none to sustain me in refusing to answer. I can see no higher obligation resting on me in conscience, honor, sense of duty, or knowledge of my position as counsel, than my oath as a witness. Better for me, with my views, under the circumstances, to have refused to be sworn, than now refuse to answer.

While acting as Mr. Irwin's attorney and counsel, he placed in my hands certain sums of money to pay to certain persons, according to his direction. Such payment of money was not a professional duty ; any trustworthy person could have done it as well as an attorney or counselor. It was not a confidential or privileged communication made to me in the course of professional consultation, as expressed and provided for in the law. No professional consultation was necessary. It was a *direction* to me only, making me an agent to pay while holding the relation of counsel.

My confidence in my client, whom I had known from childhood, led me to follow his direction implicitly, without examination. That confidence is not yet lost, not even under the circumstances in which he is now placed ; and I cannot doubt, but believe and hope, that in the course of conduct he has laid out for himself, he sees his way clear to an honorable conclusion. And while men whom he employed and paid largely, stand by and see a prison's doors open and close on him without saying a word or extending a hand for his relief, he boldly acts up to his convictions of duty.

If any of the money paid by me has been used improperly by those who received it, it has been, I need scarcely say, without any such direction by me, or any agreement with me that it should be so used. If there has been no impropriety, there is nothing to fear from my answer. If it has been misused, my silence, under the circumstances, *having no valid reason for a refusal to answer*, renders me liable to suspicion of complicity. If there has been no misuse, an opportunity is afforded for explanation. I therefore feel in duty bound to answer.

Since I was before the committee on Saturday last, I have seen Mr. Johnson, at his residence in Baltimore, according to my understanding with committee, having felt confident that my position had not been

fully stated to or understood by him. The result of that interview has been an opinion which I will now read.

BALTIMORE, *January 9th*, 1875.

MY DEAR SIR: In the opinion which I gave you a few days since, I stated that, without the consent of Mr. Irwin, you had no right, either legal or moral, to answer some of the questions propounded to you by the Investigating Committee in relation to the Pacific Mail Steamship subsidy. In that opinion, I assumed that you not only had been employed by Mr. Irwin as his counsel in matters of a professional character, but that you had been authorized by him to employ others to act in the same capacity. If this assumption was well founded, your professional engagements would embrace both duties. Now, however, as I understand from you, all that you were engaged by Mr. Irwin to do, beyond your professional engagement to him as counsel, was to pay certain money placed in your hands to persons whose names he gave you. This was a mere financial employment and was entirely devoid of any professional character. If, therefore, the committee ask you to disclose those names, I think you are bound to do so.

The communication to you by Mr. Irwin, in this respect, is not within the range of professional confidence. Any person, whether lawyer or not, could have been authorized, as mere agent, to disburse the money placed by Mr. Irwin in your hands for disbursement. The confidential relation of counsel and client should never be violated, for, to do so, would tend seriously to injure the interests of the client, and, in a great degree, to defeat the cause of justice. The principle upon which this confidence rests is as old as the common law itself, and has never been questioned, wherever the principles of that law have prevailed. Members of Congress might as well be called upon to answer for words spoken in debate, as counsel to make known the words spoken to them professionally by their clients. I conclude, therefore, by repeating that you are bound, if requested by the committee, to give the names of the persons to whom you paid the money placed with you by Mr. Irwin for that purpose, but that you are not bound to disclose, without his consent, any communication made to you professionally.

I remain, with regard,

REVERDY JOHNSON.

CHARLES ABERT, Esq., *Washington, D. C.*

In view of this opinion, and also in view of the order of the House, and also of my own convictions of duty, I feel bound to answer. According to the best of my knowledge and recollection, the first payment which Mr. Irwin directed me to make was:

On the 6th of March, 1872, to Mr. Sherrold, cash.....	\$500
18th of April, 1872, to R. C. Parsons.....	1, 500
25th of April, to Mr. Moran, cash.....	200
27th of April, to Mr. Carmick, check.....	500
4th of May, to H. G. Fant, check.....	1, 000
9th of May, to A. W. Randall, check.....	1, 000
	4, 700

Of the amount placed in my hands by Mr. Irwin on the 27th of May, \$125,000, already in testimony—

I paid, May 28th, to Mr. Macfarland.....	\$25, 000
to A. W. Randall.....	5, 500
to W. B. Shaw.....	15, 000

I paid, May 28th, to Mr. Ingham ..	\$5, 000
to A. B. Corwine ..	1, 500
to J. M. Morris.....	1, 500
to J. G. Berret, for self and S. Ward.....	7, 000
to J. H. Hersey ..	11, 000
to H. G. Fant ..	9, 000
to O. J. Averill ..	9, 000
May 29th, to Charles Abert ..	5, 000
to Donn Piatt.....	5, 000
May 31st, to John Boyd.....	1, 000
to H. G. Fant.....	1, 000
June 5th, to S. E. Chittenden.....	5, 000
	106, 500

On the 5th of June, having discharged my trust, I deposited in the American Exchange National Bank, New York, to the credit of R. B. Irwin, the sum remaining in my hands, \$18,500, and reported to Mr. Irwin, returning his memorandum and the receipts from the persons above named.

On the 8th of August I received from Mr. Irwin, by bill of exchange of Bank of California, on Messrs. Lees & Waller, New York, the sum of \$10,600.

Which bill was cashed in this city, at the office of Messrs. Riggs & Co., on the 12th of August, and deposited to my own credit there..... \$2, 000

I had asked this additional allowance in view of my increased expenses in living away from my home for about five months, the consequent neglect of my farm, which is one of my means of support; and I considered myself entitled to a larger sum than had been paid me, in consequence of my unexpected and unwarrantable removal from the control of the case.

On the 13th of August I paid to John Boyd ..	3, 500
On the 24th August, to J. G. Berret.....	2, 500
On the 6th September, to A. B. Corwine.....	1, 600
	9, 600

The remaining \$1,000 I sent by check, September 10th, to the American Exchange National Bank, New York, to be placed to the credit of Mr. Irwin, and thus closed my financial connection with this matter.

No relation, confidential or otherwise, existed between me and any of the persons to whom these payments were made; I had employed none of them.

I believe I have fully answered the question.

I ask the committee to bear in mind that while they are now looking at this case under its present aspect, and without the light which its chief witness might cast on it, they will view my acts as they were when performed.

The CHAIRMAN. I am directed by the House of Representatives to ask you also the following question. Will you state the names of the person or persons who introduced to you any of those individuals to whom you distributed any portion of said money?—A. I will first state the persons that I knew. A number of them I had met before I became connected with Mr. Irwin in this business. Mr. Moran, I knew; Mr. Carmick, I knew; Mr. Fant and Mr. Randall, I knew. Mr. McFarland,

I did not know. I have endeavored to ascertain by whom he was introduced. My impression is that I was directed to address him at the Ebbitt House, but whether he called on me with a Mr. Fauchot or not, I cannot say. Mr. Fauchot either introduced him or Mr. Ingham. I cannot tell who introduced Mr. Averill to me. He was introduced to me by some one, for I had never seen him before, nor have I ever seen him since. Mr. Piatt I had never met before, but I addressed him a note, and, in compliance with that note, he sent a card first, and then called on me. Mr. Hersey I knew, and he introduced Mr. Boyd, whom I had never seen before. Mr. Chittenden I had met before, and had become acquainted with him. Mr. Ward I had nothing to do with. Whatever amount he received went through Mr. Berret. I believe that answers your question.

By Mr. ROBERTS:

Q. Please identify the persons to whom you paid this money, so far as you can, by occupation or residence, beginning with Sherrold.—A. I do not know anything about the occupation of Sherrold, Moran, or Carmick. Mr. Fant was a resident of this city, a banker. Mr. Randall was formerly Postmaster-General of the United States. Mr. McFarland I do not know. Mr. Shaw is known to this committee. I only know him by reputation as being the correspondent of several newspapers. I do not know positively what he is. Mr. Ingham I do not know, nor do I know Mr. Corwine. He was residing in Washington that winter; he rooms here. Mr. Morris was connected with the Chronicle. I took articles to him to have inserted in his paper at different times. He lived on Capitol Hill. I understand that he is since died. Mr. Berret is a gentleman whom I had known for many years. He was formerly mayor of this city. I knew him when he was clerk in one of the Departments several years ago. What his occupation is now, whether he is an attorney or not, I do not know. He is still a resident of Washington. Mr. Ward I know by sight. I do not know what his occupation is.

Mr. NIBLACK. That is a very grave question, and has been for a long time.

The WITNESS. I regret that I cannot throw any light on the subject. Mr. Hersey is a door-keeper, or assistant door-keeper, or messenger, of the House of Representatives. Mr. Averill I do not know. I do not remember ever to have seen him, except when he called upon me. Charles Abert I believe I do know. Donn Piatt is an editor. John Boyd was introduced to me by Mr. Hersey, and I did not know at the time that he was in the employ of the House of Representatives.

Q. Do you know now that he is?—A. I do not know whether he is now or not.

Q. Do you know now that he was then?—A. Yes, sir. Mr. Chittenden, I believe, is a lawyer. I think I have gone over them all.

By Mr. WOOD:

Q. Please to read again that part of your introductory statement referring to the persons who, you say, stood by and saw the prison-door close on Mr. Irwin.—A. Well, sir, I will state that I thought it probable, when I was here before, that the committee might compel me to answer this question then, and I had prepared the early part of this statement to read at that time.

Q. Please read it again; I wish to ask you a question based upon it.

The WITNESS, [reading.] "I cannot doubt, but believe and hope, that in the course of conduct he has laid out for himself he sees his way

clearly to an honorable conclusion, and, while men whom he employed and paid largely stand by and see the prison's doors open and close upon him without saying a word or extending a hand for his relief, he boldly acts up to his conviction of duty."

Q. To whom did you refer in that part of your statement?—A. I did not refer to any one specifically. It is applicable to any of those gentlemen.

Q. To no one else?—A. To none but those embraced in my paper. If any of those gentlemen or persons are here, it is applicable to them.

By Mr. ROBERTS :

Q. Do you know whether any of the persons to whom you paid money are here in this room? Can you identify any of them?

Mr. NIBLACK. I think that is hardly necessary.

The WITNESS. I think the committee can ascertain the facts without calling on me to do that.

By Mr. WOOD :

Q. One sum of \$25,000 was paid to one gentleman there. Did you understand for what purpose that money was paid?—A. I did not, sir.

Q. Did Mr. Irwin tell you?—A. He did not. I relied implicitly upon Mr. Irwin, just as any gentleman would do with any member of his family. I asked no questions.

Q. Have you no idea of any service which that gentleman rendered?—A. I have not. I have no idea what he did, or whether he did anything.

Q. You have spoken of cases in which articles were inserted in the newspapers?—A. Yes, sir. I mentioned Mr. Morris and Mr. Moran in that connection.

Q. What service did those gentlemen connected with the newspapers render for this money which you paid them?—A. I have no idea, sir. In the cases of Mr. Morris and Mr. Moran the services came under my own observation. Mr. Moran would bring newspapers containing articles, or he aided Mr. Irwin in preparing articles and statistics, and the columns of the Chronicle were open to such articles at any time. I have gone there late at night with articles, which were immediately printed. Gentlemen who are familiar with the matter will know how the newspapers were used at that time to present statistics, showing the subsidizing of the foreign lines, and all that sort of thing.

By Mr. BURCHARD :

Q. The largest sum appears to have been paid to Mr. McFarland?—A. That was the largest payment.

Q. I wish you would tell us who he was or what you understand about him.—A. I have not the slightest idea about it. I did not know where he resided. I never saw him before he came for his money, and have never seen him since that I can recollect.

Q. There is one clerk of that name, and I thought he might be the same.—A. I know some of the clerks, and if this was one of them I should know it, I think.

Q. Does this statement embrace all the money received from the company, or from the agents of the company, and paid out by you?—A. I received no money from the company. The moneys that were placed in my hands were placed there by Mr. Irwin. When I say that, of course I exclude the \$1,000 which was paid to me individually at the beginning of the case.

Q. This statement, then, covers that \$1,000 that you personally received from the company, and what you have stated here as having been

disbursed by you covers all that you received?—A. To the best of my knowledge, it covers every cent that I received for disbursement.

By Mr. WALDRON :

Q. Did you take receipts for this money?—A. I did.

Q. Do you hold those receipts yet?—A. I do not know.

By Mr. NIBLACK :

Q. Did Mr. Irwin furnish you with the list of persons and amounts to be paid?—A. He furnished me with a list of persons and amounts, and directed me to return that list with the receipts.

Q. You paid them upon a list furnished by him?—A. I did.

Q. You paid out the money upon that list furnished by him?—A. Yes, sir.

By Mr. BECK :

Q. Will you read again the last few lines of Mr. Reverdy Johnson's last opinion?—A. [Reading.] "I conclude, therefore, by repeating that you are bound if requested by the committee to give the names of the persons to whom you paid the money placed with you by Mr. Irwin for that purpose, but that you are not bound to disclose without his consent any communications made to you professionally."

Q. Now were there any communications made to you professionally by Mr. Irwin in this connection that you have not disclosed to this committee?—A. Some letters passed between us that I have not disclosed.

Q. I will read you the law as it passed Congress, and then I want to know how you bring either the Pacific Mail Steamship Company or Mr. Irwin, or anybody employed by him, into any sort of honest relation with this passage as client, attorney, or anything else. The law reads thus: "For steamship service between San Francisco, Japan, and China, \$500,000. And the Postmaster-General is hereby authorized to contract with the lowest bidder, within three months after the passage of this act, after sixty days' public notice, for a term of ten years from and after the 1st day of October, 1873, for the conveyance of an additional monthly mail on the said route, at a compensation not to exceed the rate per voyage now paid under the existing contracts, and upon the same conditions and limitations as prescribed by existing acts of Congress in reference thereto, and the contractors under the provisions of this section shall be required to carry the United States mails during the existence of their contracts, without additional charge, on all the steamers they may run upon said line, or any part of it, or any branch or extension thereof: provided, &c. * * * And the Government of the United States shall have the right, in case of war, to take for the use of the United States any of the steamers of said line, and in such case pay a reasonable compensation therefor."

That is the law. Now, can you see anything in this law, or in anything that was going on in Congress in connection with it, that gave the Pacific Mail Steamship Company any right to consider itself a party in the matter, to employ counsel, or to intervene in any way in the passage of a public act in which it was not itself concerned; and can you see how Mr. Johnson or yourself can establish the relation of client and counsel for Mr. Irwin, or any one that he employed, in regard to that public act? You are both lawyers. I want to know how either you or the Hon. Reverdy Johnson can establish that relation in this case?—A. I do not feel at present able to answer that question. It is a legal question that I cannot now answer.

Q. You have been standing on the right of an attorney, and assum-

ing that you have still some secret professional letters. You have not communicated how much, according to Mr. Johnson's opinion, you are not at liberty to lay before the committee. Now, sir, in view of the law that passed, I want to know what relation you can possibly see existing between the Pacific Mail Steamship Company and the Congress that passed that law. I want to see how you find anything which establishes the relation of attorney and client, or any professional relation whatever in the matter.—A. Well, sir, I have gone into that question as closely as I could in my statement.

Q. You have heard this law read just now?—A. Yes, sir.

Q. Is the Pacific Mail Steamship Company known in it at all? The law authorizes and directs the Postmaster-General to contract with the lowest bidder, not with the Pacific Mail Steamship Company, nor with Mr. Irwin, nor with any particular person; now how do you establish the relation of attorney and client in the case?—A. Well, sir, because they came here to obtain the passage of that law. That very law was passed on the application of the Pacific Mail Steamship Company.

Q. It was a public act putting money into the hands of an executive officer of the Government, and directing him to contract with the lowest bidder, not with this company, or any particular person or corporation; what right, then, had you to employ counsel, and set up the relation of counsel and client in connection with the matter at all? That is what I want you, as a lawyer, to state, as you seem to be standing on your rights as a lawyer. [A pause.] If you cannot answer that, then I will ask you this: whether or not, in your opinion, Mr. Irwin and yourself, and every human being who came here to intervene in the passage of that public act, was not an officious intermeddler, acting contrary to public policy, good morals, and for corrupt purposes? Is not that your opinion, as a lawyer, in view of the law as I have read it to you?—A. Well, sir, I certainly should not have come before Congress to obtain the passage of a law with any such opinion of myself as you suggest, if I understand you correctly. I consider that to come before Congress to obtain the passage of a law is a legitimate occupation.

Q. And to pay money for it?—A. To pay the agent employed I should consider legitimate. I have been myself a professional man here for years, and have obtained the passage of laws by the presentation of my views, and by the presentation of memorials of persons asking relief in various cases.

Q. But this is a law where the party seeking to set up the relation of client is not known at all. I can see how a private party has a right to employ any attorney he pleases and pay him anything he pleases for presenting his case in the ablest manner he can; but this is a public act, having no relation to any private party.—A. It is a public act, for the benefit of a corporation.

Q. No, sir; it is a public act authorizing a public officer to contract with the lowest bidder for this service. But, dropping that for the present, I wish you to give us those communications that passed between you and Mr. Irwin.—A. I think they were two letters with regard to the disbursement of this fund. Mr. Irwin called me to New York on the 7th of December last, mentioning that there was a suit pending there against him, and he desired me to bring with me all my papers connected with this transaction, to show, I suppose, that this money had been paid to me, and that I had accounted to him for it; and at that time I gave him those letters.

Q. Is that all the communication that passed between you on this subject? So that you have not, in consequence of your supposed obli-

gation as counsel, withheld any fact that this committee ought to know about the disbursement of this money?—A. I do not know that I have. I have not consciously done so.

By Mr. KASSON:

Q. Do you know, by any communication from Mr. Irwin, of any payments of money made to any member of Congress or to any officer of either House, except those which have been now stated?—A. I do not know to whom Mr. Irwin paid money other than to the persons I have named.

Q. Or any person to whom he had agreed to pay any money?—A. I did not know that he had any agreement to pay any person any sum of money.

By Mr. BURCHARD:

Q. Do you know of a General Smith who had anything to do with the passage of this bill or the disbursement of the money?—A. I do not.

[Mr. JOSEPH MACFARLAND here took the witness-stand.]

The CHAIRMAN, [to Mr. Abert.] Is that gentleman the Mr. Macfarland to whom you paid the money?

Mr. ABERT. O, no, sir; the gentleman was larger. My recollection is that he was a larger man than that.

JOSEPH MACFARLAND sworn and examined.

By the CHAIRMAN:

Question. What is your business?—Answer. I am a newspaper correspondent.

Q. Are you the gentleman to whom Mr. Abert paid \$25,000?—A. I am, sir.

Q. Will you state all the circumstances connected with that \$25,000 that you know of?—A. All that I know of it is that I was deputed to go to Mr. Abert and get it; and I did so, and delivered it to Colonel Forney.

Q. By whom were you deputed to go and get it?—A. By Colonel Forney.

Q. You were requested by Colonel Forney to go and get it, and when you obtained it of Mr. Abert, you did what?—A. I carried it to Colonel Forney.

Q. Did you have any portion of it yourself?—A. No, sir.

Q. Do you know what was done with it by Colonel Forney?—A. I do not know, sir; I never inquired.

Q. Did you ever hear him state?—A. No, sir.

Q. Have you any knowledge of any portion of that \$25,000 beyond what you have stated?—A. I have not, sir.

Q. How soon after you received it did you pay it to him?—A. Right away. I came right from Mr. Irwin's house, where I saw Mr. Abert, with the money to Colonel Forney.

Q. The same day?—A. Yes, sir; I came right up with it to him.

Q. You state that you know nothing of what became of it after that, or any portion of it?—A. No, sir; nothing.

Q. Was there any understanding between you and Colonel Forney as to the disposition of that money?—A. No, sir; not at all.

Q. Did you hear Colonel Forney make any statement in regard to the disposition of it?—A. Not at all.

J. C. G. KENNEDY sworn and examined.

By Mr. BECK :

Question. The committee have been advised, by the testimony of Mr. Riggs and Mr. Schumaker, that a gentleman named Kennedy introduced Mr. Schumaker to Mr. Riggs. Are you the gentleman?—Answer I am.

Q. Please state the circumstances attending that introduction, and what was done.—A. Mr. Schumaker came to my office, and mentioned to me that he had some pecuniary transactions to consummate, and was not personally acquainted with any banker in Washington, and asked me if I would go and introduce him. I do not know whether he mentioned Mr. Riggs or not; but, whether he did or not, I went with him to Mr. Riggs's banking-house to identify him, and introduced him to the cashier. I understood that he either wanted a draft on New York cashed—

Q. Do you remember the amount of that draft?—A. I cannot say that he told me. I heard indirectly, though.

Q. How much was it?—A. Mr. Riggs came into my office—I do not know that this is testimony though—Mr. Riggs came in and said, “Kennedy, do you know what amount of money the gentleman wanted that you introduced to our cashier?” I said, “No, and don't care.” Said he, “He wants \$50,000.” Said I, “I don't know anything about it, but I know Mr. Schumaker. He won't draw anything that he is not authorized to draw or is not able to meet.” There was some other remark made, and he said, “Well, you are satisfied?” and I said “Yes.” This is not testimony, however.

Mr. BECK. But still we want it.

The WITNESS. But I don't know that I should give it. All I can say about it is what Mr. Riggs said to me.

By Mr. BURCHARD :

Q. State the whole conversation.—A. Well, Mr Riggs said, “What in the devil does he want such big notes for?” I said, “I don't know; that is a matter of taste. Let him have what he wants.” He said, “We have not as many as he wants, but we told him we could get them;” and I think Mr. Riggs then remarked that Mr. Schumaker seemed a little disappointed at their saying that they had not that amount of money in large notes, and that he said he would go somewhere else. I said, “Very well; if he has gone anywhere else he will soon come back again, because no bank in Washington keeps fifty \$1,000 notes on hand. He won't find them in any other bank in Washington; so you had better have them ready for him.” I heard nothing more about it except, I think, that Mr. Schumaker came back and got the \$50,000; but what he got I really don't know. This was merely a conversation between Mr. Riggs and myself on that occasion.

Q. Was there anything said on that occasion about “Don't you know the Pacific Mail Steamship Company?”—A. Do you mean did I say so?

Q. Yes.—A. If I did it would not be testimony here.

Q. That is not exactly what I inquired.—A. I should not like to answer that question; it would be very impertinent if I did.

Q. If you made any such remark to Mr. Riggs, what was the foundation for it?—A. I will say candidly and frankly that if I made any such remark, Mr. Schumaker said nothing to me on the subject; nor did anybody else say anything to me that would justify me in drawing such an inference.

JOHN BOYD sworn and examined.

Question. Are you the Mr. John Boyd to whom Mr. Abert paid some money?—Answer. Yes, sir.

Q. How large a sum was it?—A. He paid me at one time \$1,000, and at another time \$3,500.

Q. Was that all?—A. Yes, sir.

Q. For what service did he pay you that money?—A. The first acquaintance that I had with Mr. Irwin was this: I met him in the lobby, right opposite my door, and I think he had some pamphlets which he asked me to distribute. I did so. I met him again the next day and he had some that were directed to certain members. He asked me to deliver them as they were directed, and I did so. I met him from time to time during the pendency of the bill, several times in the lobby and at my door. He would call to see members and I would send a boy to find those that he wanted to see. The bill was defeated in the House and it went over to the Senate. I did not see him again until the bill passed the Senate and came back to the House. I met him then in the lobby. The way I came to meet him was this: A gentleman by the name of Colonel Bee came over from the Senate, and as he entered the hall, (he not being entitled to the floor,) I heard him say that no subsidy bill should pass at that session of Congress, as the Pacific Mail had defeated his bill in the Senate. I went down to the door and met Colonel Irwin, and I told him what Colonel Bee had said, and he then said that he wished me to notice who Colonel Bee communicated with. I did so, and I saw Mr. Irwin about 12 or 1 o'clock and gave him a list of those members, and I think Mr. Irwin then asked me to see that when the bill was up his friends were in the House, and I think I did so. That is all the connection I had with the subsidy bill, with the exception of receiving the \$4,500. Mr. Irwin never promised to give me anything during the pendency of the bill, but he sent me that after the result was accomplished. There was no arrangement made between him and me. I never mentioned money to him in any way, shape, or manner.

By Mr. KASSON:

Q. This was a gratuity to you?—A. Yes, sir.

Q. But no agreement had been made with you in advance to pay you for anything that you did?—A. No, sir.

Q. Did you solicit any member to vote for the bill?—A. I did not. Mr. Irwin never requested me to do so.

Q. And there was no member of the House whose support for the bill you asked in any way?—A. No, sir.

Q. In distributing those documents, you did what you are in the habit of doing in any matter that is pending?—A. Yes, sir; I do it every day.

Q. Was this money retained by you or was any part of it paid to anybody else?—A. It was retained by me.

By Mr. ROBERTS:

Q. You say that Mr. Irwin was in the habit of calling members out during the first pendency of the bill. Can you tell who those members were?—A. I cannot, sir; I don't recollect who they were, because it is a thing that occurs every day, calling members out.

Q. The chief portion of your service was in exposing to Irwin the persons to whom Mr. Bee spoke, was it?—A. I don't know whether he considered that any more valuable than the rest of the service, distributing the documents around. He never said anything to me about it.

Q. Are you sure there was no service of any other kind rendered? This is a very large sum of money to be paid for the services that you have stated.—A. I have stated all that I recollect, sir.

Q. Do you think that you could have rendered him other service without recollecting it?—A. Well, I don't think that I could, very well.

Q. You say this was a gratuity?—A. Yes, sir; so far as I was concerned. I never made any arrangement with Mr. Irwin, and never asked him for anything.

Q. Did you expect, when you rendered that service, to be paid for it?—A. I never expect to receive anything from anybody when I do anything around the hall, because it is in the line of my duty to do it. When a gentleman presents any bills or pamphlets or anything of that kind to be distributed, I always distribute them.

Q. You say, "in the line of your duty." Do you regard it as in the line of your duty to receive such large gratuities?—A. No, sir; I do not often receive such.

By Mr. WOOD:

Q. Have you ever received any money from anybody else for getting bills through?—A. No, sir; I never received a dollar for getting bills through.

Q. Did you ever receive any money for rendering any assistance to persons in the lobby who were desirous of getting measures passed?—A. Not for lobbying on the floor.

Q. For anything?—A. I have received sums in letters several times.

Q. Anonymously?—A. Yes, sir; no name to the letter; \$10 sometimes, and sometimes \$5.

Q. You have never received \$4,500 in any other case?—A. No, sir.

Q. Whatever you have received you have retained it all yourself?—A. Yes, sir.

JOHN H. HERSEY sworn and examined.

By the CHAIRMAN:

Question. What is your occupation?—Answer. Messenger of the House of Representatives.

Q. What was your business in the Forty-second Congress?—A. I was a messenger at that time.

Q. Did you receive any money from Abert?—A. Yes, sir.

Q. How much?—A. Eleven thousand dollars.

Q. On what account?—A. I don't know what account; perhaps substantially for the same reasons that Mr. Boyd gave. I paid some attention to the gentlemen.

Q. State all that you know connected with the payment of that money to you.

A. I became acquainted with Mr. Irwin some years ago; and when he came here on this business it necessarily brought him around the House somewhat, and I showed him some attention, as I generally aim to show to any one that comes near my door, and that is all. As Mr. Boyd said, Colonel Bee came to the House, and I don't know whether Mr. Irwin spoke to me or who spoke to me about that; but somebody requested me to take a little notice, as I was passing in and out, of what members he communicated with, as it was supposed that he was endeavoring to defeat Pacific Mail. I did so, and I either gave Mr. Irwin a list of a few members that I saw Colonel Bee talking with, or I have it to Mr. Boyd—I don't remember which. That is all the service

I did in the matter, except helping to distribute his documents, and finding members for him when he came.

Q. You received this \$11,000 for your own use, then?—A. Yes, sir.

Q. Was there any sum fixed between you and Irwin that he was to pay you?—A. No, sir; never any money mentioned.

Q. Was this all received at one time?—A. Yes, sir.

Q. Was there an understanding beforehand that you were to receive money?—A. No, sir; there was not.

Q. How came you, then, to be found in Mr. Irwin's rooms to get the money if it was not understood beforehand that you were to have some?—A. I don't remember about that. I think I met Colonel Abert, and he asked me to go to his room—to meet him at his room, and I did so.

By Mr. KASSON:

Q. Did you retain the whole amount for yourself, or was any part of it paid to anybody else?—A. None, sir.

Q. No part of it has ever been paid out by you?—A. No, sir.

Q. There was no understanding that any of it was to be paid to anybody else?—A. No, sir.

By Mr. ROBERTS:

Q. Did you render any service in that matter other than what you have described?—A. No, sir.

Q. Was there any understanding that any portion of this money was to go to any member of Congress?—A. No, sir.

Q. Or to any person other than yourself?—A. No, sir.

Q. Did you know Mr. Abert previous to your receiving the money?—A. Yes, sir. I had met him here occasionally.

Q. Were you introduced to him by any one at the time you received the money from him?—A. No, sir; I knew him already. I did not require an introduction.

Q. Did you introduce any other person to him?—A. I might have done so; but I don't remember who it was, if I did.

Q. Is it your habit to report to people who pay you what gentlemen call on members of the House?—A. No, sir.

Q. Have you ever done it in any other case than this?—A. No, sir. I have often had men, who have been here with business before Congress, request me substantially to see what members certain men communicated with.

Q. Is this the largest sum of money you have received for any such service?—A. Yes, sir.

Q. Have you received other money for like service?—A. No, sir; not to any amount. I have received a little present occasionally.

Q. What is the largest "little present" that you have ever received besides this one for like service?—A. I cannot tell; probably \$50 or \$100.

Q. For what service was that?—A. That I cannot remember. I have been here a good many years, and there have been a good many things up before Congress since I have been here.

Q. Did you speak to any member of Congress with reference to this Pacific Mail subsidy bill?—A. No, sir.

Q. What State were you appointed from?—A. Wisconsin.

Q. How long have you been in the service of the House?—A. I was appointed on the 10th of July, 1861.

Q. And you have been here substantially the whole time since?—A. Yes, sir.

By Mr. KELLEY :

Q. Do you remember how you invested that sum of \$11,000?—A. No; I cannot tell now; it was some time ago.

Q. You received it all at one time?—A. Yes.

Q. It was an unexpected receipt by you?—A. Well, it was.

Q. There was nobody owing it to you?—A. O, no.

Q. You had not been looking forward to it?—A. No, sir.

By Mr. FOSTER :

Q. Nor to any part of it?—A. No, sir.

Q. You do not remember whether you bought a farm, or a house, or stocks with it?—A. No, sir; I cannot tell.

By Mr. BURCHARD :

Q. Before you went to Irwin's room to receive the money, had you any idea how much you were to receive?—A. No, sir.

Q. Were you not surprised at the liberality shown towards you?—A. Well, it was a very agreeable surprise.

By Mr. FOSTER :

Q. Was the money paid to you in currency?—A. Yes, sir.

Q. What sized bills?—A. Pretty large denominations; \$1,000 bills—some \$1,000 bills, at any rate.

By Mr. WOOD :

Q. What is your pay?—A. \$1,440 a year.

Q. Has it always been that since you have been here?—A. No, sir; I have been changed around. Sometimes I have had more, and sometimes a little less.

Q. What is the largest pay you have had?—A. \$1,800.

Q. And the lowest?—A. \$1,200.

Q. Are you a man of family?—A. Yes, sir.

Q. Do you own any property here?—A. I do not.

Q. Do you consider yourself a man worth any amount of money?—A. No, sir; I am poor; it takes all I can earn to support my family.

Q. Did you ever have so much money as \$11,000 paid to you before or since?—A. Never, sir.

Q. What did you do with that money?—A. I paid up some debts—used it in various ways.

Q. Used it all up?—A. Yes, sir; it is all gone; all used up.

Q. What did you think it was given to you for?—A. Well, I suppose for some attention shown to those men; no more, either, than I am in the habit of showing to almost any gentleman that comes.

OSCAR J. AVERILL sworn and examined.

By the CHAIRMAN :

Question. Where do you reside?—Answer. In Bath, N. Y.

Q. What is your business?—A. Previous to the last four years, I was a collector of internal revenue. From that time until the present I have been in various engagements, but not any permanent business.

Q. Where have you pursued those "various engagements"?—A. There and here.

Q. What portion of your time do you spend here?—A. I have been here, I should think, perhaps fifteen months, in all, during the last four years.

Q. Were you here during any portion of the Forty-second Congress?—A. Yes, sir.

Q. What time did you spend here during the Forty-second Congress?—

A. I was here from about the 1st of March, 1872, until the close of the session, I think. I hesitated very much about coming here to-day to testify, because I have no memorandum of dates with me, and I cannot be accurate as to dates.

Q. But, as far as you can recollect, you were here from about the 1st of March, 1872, to the close of that session of Congress?—A. Yes, sir.

Q. What were you doing?—A. I came here to introduce an excavator, which I thought could be made very useful here in the District; and also, in connection with another gentleman, to establish a machine for making brick. That was the business that brought me here.

Q. Did you pursue any other calling while you were here?—A. I did not, sir. I had some little business of an unimportant character at the Treasury Department.

Q. With the exception of that "little business of an unimportant character at the Treasury Department," and your excavator, and the brick-making machine, you had no other occupation?—A. I had not.

Q. Did you receive any money from Mr. Charles Abert?—A. I do not know the gentleman.

The CHAIRMAN. Please to stand up, Mr. Abert. That is the gentleman.

The WITNESS. I do not remember ever seeing him before.

Q. Did you receive \$9,000, while you were here at that time, from anybody?—A. I did.

Q. Where were you when you received it?—A. In Mr. Irwin's room on I street.

Q. Was it before or after Mr. Irwin left the city?—A. It was the day he left.

Q. Were you introduced by anybody to the gentleman who paid you the money?—A. No, sir; I was not.

Q. Were you acquainted with him?—A. I was not.

Q. You got \$9,000 from a man that you did not know, and who did not know you?—A. Yes, sir.

Q. How did you do it?—A. Well, sir, I had an engagement to call for that amount of money, made some long time previous to that.

Q. With whom did you make it?—A. With Mr. Irwin himself.

Q. Was he present when you got the money?—A. He was not. I told the gentleman my name, and who I was, and he said that Mr. Irwin had gone, and handed me a letter from Mr. Irwin, which inclosed the \$9,000.

Q. Nobody identified you, then?—A. No, sir. I hope that, in justice to myself, the committee will allow me to state this matter fully, as detached portions of my testimony might be used to put me in a light which I do not like to occupy.

Q. You have a right to state it as fully as you please.—A. There is nothing about the transaction but what is an open book, so far as I am concerned. I desire to conceal nothing, but to make a frank, clear statement of it, at the risk to-day of being a little inaccurate, because I have no memoranda to justify me in mentioning dates. Mr. Abert, if it was Mr. Abert, had left his card at the Ebbitt House, and I paid no attention to it. The next day, or the second day after, I received a note signed by Mr. Abert, asking me to call at Mr. Irwin's rooms on I street, and I did so—not that day, but the day following. I went there, but I have no recollection of being introduced to Mr. Abert. He may have been sitting there, but I do not recollect him. I introduced myself to Mr. Irwin, and showed him the note that I had received. We sat down,

and the gentleman that was in the room (whether it was Mr. Abert or not I do not know) retired from the room. I think this was about the month of April, 1872, and the money was paid to me afterward; but to show you how the \$9,000 came to be paid to me it will be necessary to explain. I made an arrangement with Irwin by which I was to receive \$10,000—10 per cent. of it down, and the remaining \$9,000 in case of the success of this measure; and I went there and received the balance, \$9,000.

Q. What was that arrangement?—A. When I called on Mr. Irwin he told me that he had received a letter from Mr. Stockwell, in New York, suggesting me as a good person to assist him in a certain work that he wanted done. He said that I was probably aware of the character of that work; that I had seen from the papers that he was here for the purpose of procuring the passage of the Pacific Mail Steamship subsidy-bill. I told him I had seen it. Mr. Irwin then said to me—I cannot repeat these conversations exactly as they occurred, because it is a good while ago, and I had dismissed the subject from my mind, but I can give the substance of what was said—Mr. Irwin said to me, as near as I can recollect, that in view of the fact that he had been written to on the subject he desired to see me, and he had sent Mr. Abert to me with a card two or three days before, but I had not called. I said that I had been very busy, (as I had been, with a gentleman from Elmira,) so that, as I told him, I could not call at the time the card had been left. Mr. Irwin said he was very glad to see me there, and then he said, “I want you to take hold of this matter and assist me in what I want done here.” He said that in addition to the fact that Mr. Stockwell had written to him about me, another gentleman connected with the company, Mr. Fellows, or Bellows, or some such name, had also written on the subject, and, said he, “I think you can do me a great deal of good here. Mr. Stockwell and myself have both become convinced that there is a very extensive combination here to defeat the passage of this subsidy, and that money is being used for that purpose. I want to find out, if I can, who the men are that are here for that purpose, and what they are doing, and, if possible, I want to check them in every direction. Therefore I want you to take hold of the case and do all you can to assist me.” I said to him that if I did take hold of it I should have to neglect my other business; that I had come here purely as an experiment with the other matter, and that if I neglected it then I was afraid it would fall through altogether. I said that I did not like to make any engagement with him unless I could see my way clear to make at least as much as I anticipated making in the other business; that I had had several interviews with men here which I thought were going to result in a good thing to myself and the gentleman who was with me in the business, and that I would not like to let go of it for the sake of this, unless for some strong inducement. Mr. Irwin said it was very important; that the matter was all given in charge of Governor Randall, who was here for that purpose, and that he wanted me to take hold of it and assist him all I could. Said he, “You are pretty well acquainted here and in New York, and you know exactly what I want.” He said he thought the subsidy would pass without any trouble whatever if there was no opposition to it from what was called the “short interest” in New York. He had no hesitation in saying that the temper of Congress was in favor of the bill unless it was changed by this adverse influence. I then said that if I did take hold of it at all I would do it upon certain conditions, viz, that I should receive \$10,000—\$1,000 down, and the balance when the bill passed. Mr. Irwin agreed to that proposition, and he paid me \$1,000.

Q. What did you do?—A. I put myself, in the course of a day or two, in a position to know what was going on with reference to the adverse influences that were here.

Q. State what you did.—A. I talked with parties about the hotels and at the Capitol here, and learned, in a quiet way, everything that I could on the subject. It was the information that Mr. Irwin wanted, and I informed him of whatever I discovered. As soon as I learned, as I did on almost every corner and at every turn, that there were men here opposing the passage of the bill, and hearing from almost everybody that there was money here, and that it was a mere question of who had the most money, I informed him of that fact. I felt my way along as well as I could, and whenever I heard any name of any importance I reported it to Governor Randall.

Q. Can you give us the names?—A. I cannot; I have no memoranda, and it is utterly impossible for me to give any names.

Q. Can you give us the name of any man that you reported?—A. I cannot; I cannot remember names. If I knew the names of every member of this committee I would forget them all in an hour.

Q. Can you give us a single communication that you made to Mr. Randall about it?—A. I made the communications in the form of memoranda. I would go around and gather up all the information I could—

Q. Do you mean to say you went around incog.?—A. Yes, sir.

Q. You did not make known your name or business?—A. O, I never concealed my name.

Q. But you did not disclose it?—A. Yes, sir.

Q. But you did not disclose your business?—A. No, sir; I did not disclose my object.

Q. Can you give us any information which you gathered in the capacity in which you then acted?—A. I cannot; I may have some account of it in my diary, but I have not got it here.

Q. Then you mean to say that your memory is an entire blank as to work that you did?—A. No, sir; it is not an entire blank.

Q. Give us what there is in it then.—A. Well, it is a good while ago since these transactions occurred, and with a memory for dates as imperfect as mine is, I am very well aware that I shall probably be put in an unfavorable light here; but it is a fact that I cannot recall a name, and the transactions have passed so entirely out of my mind that I am unable to recall anything about them.

Q. Will you give the committee any information which you obtained in your capacity as Mr. Irwin's agent in respect to the use of money here in connection with the subsidy bill?—A. To defeat the bill?

Q. To be used in any way in connection with the bill.—A. O, I have no knowledge of any money being used on the side that I was engaged on; none whatever.

Q. I did not ask you in respect to the side.—A. No, sir; I have no knowledge of it. I have a general recollection that I found persons here who I suspected had money, and I reported their names to Governor Randall.

Q. What evidence had you that those persons had money here in that connection?—A. It seemed to be in the air.

Q. What did you see in the air?—A. I did not see anything in the air, sir.

Q. What did you hear in the air?—A. I heard the voice of almost every man that I talked to to that effect.

Q. Will you please give the committee the benefit of the information

that you gathered in that way?—A. I cannot. All I know is that whenever I met a man that I had reason to believe was fresh from New York, or fresh from the influence of Mr. Drew, I reported that fact to Mr. Randall, because it was determined to counteract that influence if possible.

Q. Whom did you find from New York in that capacity?—A. They were strangers to me, mostly.

Q. How did you succeed in putting Mr. Randall on his guard against them?—A. By hearing somebody that I knew mention the name of somebody that he supposed was here for that interest.

Q. Can you give us the names of any of those persons whom you reported to Governor Randall?—A. I cannot. I am testifying here without my memoranda.

Q. Have you any memoranda that will show the names of any of those persons?—A. I may have.

Q. Can you tell whether you have or not?—A. I cannot. I have got a little memorandum at home; but beyond that I can say nothing more.

Q. Where did you report to Mr. Irwin?—A. At his room.

Q. How often did you report to him?—A. I did not see him more than three or four times.

Q. Did you report to anybody else?—A. Yes, to Governor Randall.

Q. How often did you report to Governor Randall?—A. Forty times, I presume.

Q. How came you to get more money than the governor himself?—A. I do not know that I did get more than he got; I am not aware that I did.

Q. Do you know how much was paid him?—A. I do not. I understood, however, that Governor Randall was prepared to deal with these parties and get them out of the way.

Q. To deal with them in what way?—A. I do not know. I have no definite knowledge on that subject.

Q. What did you mean by saying that he was prepared "to deal with them and get them out of the way?"—A. I mean just this, that Mr. Irwin told me that Governor Randall had the matter, so far as that branch of it was concerned, in charge, and that any information I got I was to report to Governor Randall.

Q. You took your orders from Governor Randall, then?—A. No, sir.

Q. You were to act on your own discretion?—A. Yes, sir; I considered myself entirely competent to do that.

Q. How long did you act in that capacity?—A. From that time up to the passage of the bill.

Q. Did any one of these men that you reported to Governor Randall disappear?—A. I do not know whether they did or not. This is a pretty large city, and it would be difficult to say whether they did or did not.

Q. Did any of them change their tactics in reference to this bill?—A. Yes, sir. Governor Randall gave me the names of several parties that he had seen who were opposing the bill, some that I had reported to him and some that he had discovered from other sources.

Q. Who were they; members of Congress?—A. No, sir; parties sent here from New York.

Q. Governor Randall reported to you that he had changed their views?—A. That they had changed.

Q. Can you tell us one of those persons?—A. I cannot, sir. If I heard the names I would not remember them a second.

Q. They were not members of the House?—A. No, sir.

Q. Were they officers of the House?—A. No, sir. It is but just that I should say that I never spoke to a member or officer of the House on the subject, except in some general way, as, "What do you think the prospects of this bill are?" or something of that kind.

By Mr. KASSON:

Q. What did you do with this \$10,000?—A. I used the first \$1,000, I do not know where. Mr. Irwin gave me a check for that money payable to his own order. My impression is that I drew that at the bank of J. Cooke & Co. The other money was paid to me in nine one thousand dollar bills, which I sent to my bank and had credited to me there.

Q. Was that money all retained to your own use?—A. Every dollar of it, as I can show by my bank-account.

Q. You have no recollection of having paid out any of that money, or any other money on account of that, to anybody else?—A. No; not one dollar nor one cent.

By Mr. BURCHARD:

Q. You never had any conversation with any officer or member of the House in regard to the merits of this bill you say?—A. No, sir; I never had. In fact, I never had anything to do with the passage of the bill proper; I only made inquiries by way of getting information.

Q. Was there any arrangement by which you were to endeavor to influence any members of Congress?—A. No, sir; I never was asked to speak to one. Mr. Irwin did not ask me to influence any one, or even to speak to any member on the subject.

Q. Was there any officer or member of Congress who was a relation of yours?—A. Well, sir, General Averill, of Minnesota, is a sort of relation of mine. We call ourselves cousins, although I have only made his acquaintance within two years.

Q. Did you have any communication with him on the subject of this bill?—A. I never spoke to him on the subject in any way, shape, or manner.

Q. Were you acquainted with him at that time?—A. I was, but I had only known him about six months. He does not spell his name as we spell ours, and I had not met him until a short time before.

Q. Did you have any dealings in stocks, in Pacific Mail stock, during that year?—A. No, sir.

Q. Did you have any arrangements to carry stock for anybody?—A. No, sir.

Q. What did you do with your excavator?—A. It is here yet; it is in a warehouse. I was trying to form a company.

Q. Whom did you endeavor to get into that company?—A. I saw the board of public works, and got them to visit me out where I was using the excavator. I procured a man and a team and experimented with it.

By Mr. BECK:

Q. Your effort was to get in with them?—A. My effort was to form a company for the use of that machine.

Q. You wanted to get the board of public works into it?—A. Yes, sir; I wanted to get them to indorse it, and I believe that I should have succeeded but for one thing. It was what was called a self-loader; and when I was using it down on Seventh street, the men who were working on the streets were so enraged against it that they threatened to break it; they were so incensed at a machine that would load itself being brought here. They feared that it would break up their busi-

ness, and I heard afterwards that the board of public works were afraid to indorse it.

Mr. NIBLACK. Mr. Waldron suggests that the machine could not vote.

The WITNESS. Yes, that was one of the expressions used at the time. I tried very hard to introduce the machine here, and if I had succeeded, I should have made some money out of it.

WASHINGTON, *January 11, 1875.*

WILLIAM B. SHAW sworn and examined.

By the CHAIRMAN:

Question. Please give the committee your residence and occupation.—

Answer. My residence is Washington, D. C. I am a newspaper correspondent.

Q. How long have you been in that employment?—About twenty-three or twenty-four years.

Q. Do you know Mr. Charles Abert?—A. I do; very well.

Q. Did you see Mr. Abert at any time during the first session of the Forty-second Congress?—A. I saw him frequently.

Q. Did he pay you any money?—A. He did, sir.

Q. When?—A. I cannot tell you the exact time; it was in the room occupied by Mr. Irwin, on I street.

Q. After the passage of the subsidy bill?—A. Yes, sir.

Q. How much money did he pay you?—A. I think it was \$15,000.

Q. On what account?—A. Well, for my services, and so forth.

Q. What services?—A. I will state to the committee, if they will allow me, how I became connected with this matter. I was in New York, I think it was in October or November, prior to the meeting of Congress. I was in the office of Mr. Henry Clews, where I always go. He had been doing business for me for years, and I had furnished information; and in conversation I asked him if there was anything going to be done in Washington this winter that would be interesting, and about which I could furnish him information. I had been furnishing him information for ten years past, on which he had operated in gold, stocks, and so forth, and he had always given me my commission, or bought something for me and carried it. I said to him that I had heard that the Pacific Mail Company were going to renew their application for a subsidy at the coming session, and I asked him whether he knew anything about it. He said he would be very apt to know, because he was a director and a member of the executive committee. I said I was very glad to know that, because if they made the application and the Postmaster-General recommended the subsidy, the stock would undoubtedly advance; "and," said I, "the very moment that is done I think it will be a good opportunity to buy some stock." He said yes, it would. I asked him if he knew Mr. Stockwell, and he said he did. Then I said, "You know me very well. Would you have any hesitancy in telling Mr. Stockwell who I am and what I have done for you, &c.?" And he said, "None in the world." Said I, "I would like to have some stock bought for me and carried, and I will furnish him information from time to time, as I have furnished it to you." He said yes, that that was perfectly proper and right, and he would do so; he would either see Mr. Stockwell, or fix it in some way. I then came back to Washington, and I wrote to him about it, and in reply he stated that he had seen Mr. Stockwell or communicated with him, and that I could communicate with him. I then wrote to Mr. Stockwell and asked

him to buy me some stock; and in reply he said to me that he had given directions to buy some. I think I asked him how much to buy. I am not positive about that, but I know there were several hundred shares. The stock, at that time, was about 48 or 50. Somebody told me that Mr. Irwin would have charge of the matter here, and that when he came on, and while he was in Washington, anything that I had to say or to communicate on the subject I could communicate to him. I asked what Irwin it was, and the person, whoever it was, told me. I then said that I was very willing to do that; that I had known Mr. Irwin for years, while he resided in this city. When Mr. Irwin came here I called on him and told him what I had done, and he said that was all right. Said he, "I am going to have charge of this matter here, and whatever you do, keep me posted, as well as the people in New York, and I will see that you are liberally compensated." I told him that that was part of my business here—furnishing information—and had been for years. I saw Mr. Irwin frequently after that, and communicated with him, I guess, every day. I saw him about the Capitol here, and in other places, and I told him everything that I knew that was going on. I do not know of any particular conversation that I had with him, except that the subject came up in a general way every time that I saw him. When the thing was over Mr. Irwin, or Colonel Abert, or somebody—I don't know who it was—told me to go to this place on I street, and I went up there, and Colonel Abert paid me the money—\$15,000. I asked him no questions about anybody else or anything else. I took it and used it for my own purposes—paid my debts, and paid some losses that I had made in other directions. I had lost some on one or two occasions, outside of that, on my own hook. I also took up some notes on my house. I took the money and used it myself.

Q. Was there any sum agreed upon beforehand that you were to receive?—A. No, sir; not particularly. I do not remember any sum being agreed upon.

Q. Had you any knowledge of what amount you were to receive until you received it?—A. No; I did not know exactly.

Q. Did you give a receipt in full?—A. I did, sir; for the whole amount.

Q. I mean in full for all demands.—A. I merely gave him a receipt for that amount of money—"received \$15,000," and signed my name.

By Mr. BURCHARD:

Q. Did you pay any of that money to any member of Congress or any officer of the House?—A. Not a dollar. I kept it all, sir.

Q. Was there any talk between you or any arrangement that you should disburse any of this money to any other person?—A. There was no talk about my disbursing the money, that I can remember.

Q. Did you carry stock for any member or officer of the House?—A. I did not. I carried stocks for myself.

By Mr. KASSON:

Q. Did you seek to influence any member of Congress in his vote?—A. None in the world.

Q. You never asked a member to vote for the subsidy bill?—A. Never. I frequently asked members how they thought it was going, because I was very much interested, and I asked, I guess, everybody that was of any prominence. I would say, "How does Pacific Mail look; do you think she will go through?" or something of that kind;

and there is one member of this committee that I talked with about it, because his judgment, I thought, was first-rate.

Q. And in doing that, don't you think that your own wishes were expressed to the members?—A. I do not think so. I was in favor of the bill on general principles. I am in favor of subsidies always.

Q. And you advocated it in your correspondence?—A. Yes, sir; I was in favor of the subsidy; I am in favor of subsidies on general principles, to build up our commerce.

Mr. KASSON. Especially when a nice bit drops by the way.

The WITNESS. It would depend altogether on circumstances. I was in favor of the Pacific Railroad, and on the same principle I made some money out of that on the purchase of stock that was carried for me. I have done it for the last twelve years.

Q. Was there anything said between you and Mr. Irwin, or Mr. Stockwell, to the effect that you should influence any member of Congress?—A. Nothing in the world, sir. They knew that I was well posted here, and they wanted me to keep them thoroughly advised about this matter, which I promised to do, and did do. I gave them all the information I obtained.

Q. Was it for information, or for newspaper correspondence, that they paid you this money?—A. For information. I will state one thing which will show the committee how it worked. There was a very large "bear" movement, headed by Daniel Drew; a gentleman came to me from Daniel Drew—I do not know his name, for I did not inquire—he came to me and asked me if the bill would pass, it having already failed in the House. You remember it did fail at that time by four votes. I remember it very well, for I lost several thousand dollars by the operation. This man came to me and said, "Do you believe that bill is going to pass the Senate?" I said I believed it was. Said I, "I have gone over the field, and I believe it will pass by a large majority." He said, "It would be very important for me to know that fact, because Mr. Drew has been advised by parties here in Washington that it will not pass, and he has sold a very large short-interest in the stock, and it is very important to me to know about it." "Well," said I, "I give it as my opinion that it will certainly pass the Senate; when it goes to the House, of course I do not know anything about it." It was then about being considered in the Senate. Said he, "If you could assure me of that, I would hedge and get out." I said, "You had better stay here and attend to the matter yourself, and then you will see." He did stay; and when it passed the vote was 30 to 15, and he was very thoroughly demoralized.

Q. So your services consisted in giving information?—A. Yes, sir; giving information—telegraphing on anything I could get. I communicated very freely with Mr. Irwin.

Q. Tell us whether you knew of anybody else in the employment of the Pacific Mail Company here?—A. I do not know that there was a soul, and I did not know that there was any money in this thing beyond the fact that there was a large block of the stock being carried for the benefit of the company.

Q. Do you know of any stock being carried for any member or members of Congress?—A. I do not. I heard there was—not for members of Congress, but for individuals.

By Mr. ROBERTS:

Q. Did you communicate to any newspaper the information with reference to the Pacific Mail subsidy bill which you gathered here?—A. No, sir; not all of it.

Q. With what paper were you connected at that time?—A. I had the Chicago Journal, I believe, the Cleveland Herald, the Boston Transcript, and some that I may forget.

Q. You were employed in gathering information, and you say positively that you knew of nobody but yourself who was in the employment of the Pacific Mail Steamship Company at that time?—A. Not that I know anything about. I saw persons around, but I did not know what their business was particularly, and I never inquired. I attended to my own affairs exclusively.

Q. Do you know of the payment of any money, in reference to the subsidy, to any member of Congress or to any officer of either House?—A. Not a dollar.

Q. Do you know of the payment of any money, in reference to the subsidy, to any person other than yourself?—A. I do not know; not that I know positively.

By Mr. BECK :

Q. That last answer of yours, "not that I know positively," is suggestive. Why do you use the word "positively"?—A. I did not mean anything, particular by that. I may have known the fact, probably, that the \$25,000 was paid to Mr. Macfarland.

Q. Did you know that?—A. Not till afterward.

Q. If you did not know the fact positively, had you such information as induced you to form a belief that money was paid to other people?—A. No, sir.

Q. Did you say that you retained all the \$15,000 for yourself?—A. I did.

By Mr. WOOD :

Q. What services did you render for that?—A. Imparting information which I got from the Committees on Appropriation in both Houses, and keeping the general current which was running in that direction. I found out everything I could and kept them posted. If I could get important information from the committee I would send it.

Q. Then you were paid this \$15,000 for the information which you obtained from the committees and elsewhere?—A. I was paid for my services.

Q. I want to know what your services were?—A. Just what I told you.

A. Getting information?—A. Getting information, posting them, and letting them know everything about the matter.

Q. Is it a common thing, with gentlemen of your profession, to sell their information in that way?—A. I do not know that it is. I have been in the habit of doing it for ten or twelve years. I have furnished brokers with information for a long time. I commenced with Livermore, Clews & Co., and was paid for it sometimes by the week, but mostly by their carrying stock for me. If I found out important information in regard to finance, the first thing I would do would be to sit down and telegraph to my broker. If the information was likely to influence the price of gold he would so understand it, and would immediately buy \$10,000 or \$20,000 of gold for me, and would operate as much as he chose for himself, and it was so in regard to stocks.

Q. Did you consider the information which you gave in this case worth \$15,000?—A. Yes, sir, I did.

Q. How did you value it?—A. I considered it worth all I could get. If they had offered me \$50,000 I would have taken it, and I never would have asked any questions.

Q. Was that information which you furnished in reference to the probable vote of members on the subsidy bill?—A. Not at all.

Q. What was the information?—A. The general information which a man gets in his profession.

Q. Predicated on your opinion of the probable results?—A. Yes.

Q. That opinion was predicated on the probable votes of various members?—A. Not entirely that.

By the CHAIRMAN:

Q. You say that if you obtained any information from this committee, or any other committee, you communicated it. Did you disclose to those from whom you got the information, your relation to the brokers of New York?—A. No, sir; I do not think I did. They never asked me.

Q. You presented yourself to them in the capacity of a newspaper correspondent?—A. Not entirely. I think I have mentioned that Mr. Clews would like to know so and so, if the member had no objection. I used to do that frequently with James Brooks, and I got a good deal of information from this committee, of a general character and not confidential. He was a personal friend of Mr. Clews.

Q. Did Mr. Brooks understand exactly what you wanted?—A. Yes, he understood it from Mr. Clews, and he would say to me, "Tell Mr. Clews that I gave it to you."

Q. Did you always, when you sought information of what was going on in the committee-rooms, disclose your relations to brokers in New York?—A. O no!

Q. Were you at any time a clerk to a committee?—A. Never; I never held a clerkship in my life.

Q. You say that you conferred with Mr. Irwin?—A. I conferred with him daily.

Q. So that what you communicated to New York, you also communicated to Mr. Irwin?—A. He knew everything that I knew.

Q. Your communications were in reference to the strength of the measure in the two Houses from day to day?—A. Yes.

Q. As the measure grew in strength, or weakened, you communicated your opinion of that fact?—A. Yes.

Q. Did you ever talk over with Mr. Irwin, at any time, the standing of members in regard to the measure?—A. Never.

Q. Did Mr. Irwin at any time inquire of you as to the ground of your opinion in regard to the strength of the measure?—A. No, I do not think he did.

Q. You never talked with him as to the probable vote of any member?—A. No, sir.

Q. You never talked with him as to the opinion of any member in regard to the measure?—A. I do not know; possibly I may have done so. I cannot tell.

Q. You never went over the list of members with him?—A. Never.

Q. You communicated to this agent of Daniel Drew that the measure was going to pass the Senate by a very large majority, and that you did not know of any Senator that was opposed to it. Did you ascertain that from actual conversation with Senators?—A. I may have spoken to a good many Senators and asked their opinion about the measure. I might say to them, "What do you think about the Pacific Mail subsidy; is it likely to pass?" And the Senator would say, "I am going to vote for it."

Q. Did you suggest any reason to any of these Senators?—A. None in the world. That was not part of my contract.

Q. Then you were not in the light of an advocate of the measure?—
A. O, no, I was not advocating it.

Q. Although you were in favor of all subsidies, you did not advocate this subsidy to any member?—A. I might possibly have said a kind word about it.

Q. Do you think you did so?—A. I presume I did. I do not think that I ever asked any member to vote for it; in fact, I know I did not.

Q. Did you labor with any member?—A. Never in the world.

Q. Did you take the list of yeas and nays on the vote when the subsidy first failed in the House?—A. I did not. I was too much demoralized.

Q. Did you notice any change in the votes of members between the time when it failed and the time when it passed?—A. No, sir; I never took any notice of it that I remember.

Q. Did you report to your principals, after its defeat in the House and its passage in the Senate, that it would be likely to go through the House?—A. No, sir; if I had known that fact, I would have made more money out of it. I would have loaded up at that time.

Q. Are you not aware that the stock went down after the passage of the measure?—A. Yes; I lost by the operation, but if I thought that the subsidy was going through when it came back from the Senate I should have bought stock when it went down.

WASHINGTON, *January 12, 1875.*

LEWIS J. DAVIS sworn and examined.

To Mr. KASSON:

I am a member of the firm of Lewis Johnson & Company, bankers, of this city, and was a member of that firm in 1872.

Question. Do you know anything of certificate No. 2548 for \$10,000, which passed through that bank on or about the 7th of June, 1872? [Handing it to witness.]—Answer. I recognize our indorsement on the back of the certificate.

Q. Describe the certificate.—A. It is a certificate for \$10,000, issued by the Park National Bank of New York, on May 30, 1872, for \$10,000. It reads: W. S. King has deposited \$10,000 payable to his order. It is indorsed, "W. S. King" and "Lewis Johnson & Co."

Q. State whether from that certificate and the indorsement on it you recollect to whom the amount was paid.—A. I have no recollection of the check being paid; but I would infer that the check was cashed for Mr. King. The Park Bank of New York is our own correspondent, and we would have cashed the certificate for any one on proper identification. The evidence in the certificate itself is that it was paid to Mr. King himself by our bank.

By Mr. ROBERTS:

Q. Had you any account-current with Mr. King?—A. I do not know. I have already investigated that certificate to see if the money had been put to Mr. King's credit. I have ascertained that there was no deposit of that amount on that day; so that it was paid over the counter.

Q. Have you examined your books to see whether King had an account with you or not?—A. No, sir; I merely looked as to that particular day to see whether that amount had been cashed or credited on the

books. [The witness subsequently stated that King had no account with his bank.]

Q. This certificate having been indorsed by Mr. King, would you have paid the money to another party known to you, without indorsement?—

A. It is possible that that might have been done, if Mr. King came with him; but the ordinary practice is, where we cash a certificate of deposit for any one else to require his indorsement. If Mr. King had come in with the party holding it, the money could have been paid to the other party, at Mr. King's request to the teller, upon Mr. King's indorsement.

Q. If Mr. King had not come himself, and if somebody else had identified the person presenting the check, would you have paid him?—A. The practice is to require his indorsement.

WASHINGTON, *January 12, 1875.*

HAMILTON G. FANT sworn and examined.

By Mr. KASSON:

Question. State your residence and occupation.—Answer. I reside in Washington City, and was formerly in the banking business. I am not engaged in any business at present.

Q. It appears in evidence before this committee that Mr. Charles Abert, as the agent of Mr. Irwin, disbursed a considerable amount of money, having relation to the obtaining a subsidy for the Pacific Mail Steamship Company, and among these disbursements appear some sums that were paid you by him. Be good enough to state what amount was paid to you by Mr. Abert in the summer of 1872.—A. In the spring of 1872, Mr. Abert deposited to my credit with Fant, Washington & Co. \$10,000. Previously thereto, I think, he handed me his check for \$1,000, making in all, I think, \$12,000.

Q. To whom did you pay out that sum, or any part of it?—A. To myself.

Q. Exclusively?—A. Exclusively.

Q. For what consideration were those sums paid to you?—A. I have made a little memorandum, which, with the permission of the committee, I will read:

Early in the spring of 1872, being engaged in the banking and stock business in this city, Mr. Irwin having known me for several years, employed me to render such legitimate service as I could to obtain the subsidy, and agreed to pay me \$2,000 cash, and \$10,000 contingent on the passage of the bill. It was known that there was a large, influential body of stock-operators, and who had sold the Pacific Mail stock short, and who were opposing the subsidy, and Mr. Irwin, fearing this opposition, thought that I could mollify it in some way by my personal influence; therefore employed me. He also knew that I understood these operations, and could keep him informed. I was also to use all legitimate means I could to secure the subsidy. It was distinctly agreed that my compensation was not to depend on my carrying any vote in Congress. I was paid the \$2,000 cash at the time of the agreement, and, after the passage of the bill, Mr. Abert deposited to my credit, with my firm, about 20th May, 1872, \$10,000, the balance due me under the agreement.

Q. State what particular thing you did in aiding to procure the subsidy.—A. I advocated it in every way. I was in favor of the measure, and aided it in every way I could.

Q. That is the general statement that you made in the paper which you have read. State any act that you did to further the obtaining of

the subsidy.—A. That is a matter that is very hard to describe. I certainly did all that I could in advocating it. I do not suppose there was a member of Congress who was not spoken to on the subject. I believed in it then, as I believe in it now. I think it brought down the price of tea.

Q. You were not paid \$12,000 because you believed in it?—A. In the first place, I doubted myself whether Mr. Irwin could afford to pay me that amount of money; but he seemed to think differently.

Q. The point we wish to find out is, for what this large amount of money was distributed, if we can trace it. Can you state why this amount was paid to you?—A. As I have stated in the paper.

Q. That does not state anything you did.—A. I did all I could by advocating the measure.

Q. How did you advocate it?—A. Just as you did in Congress, by supporting it, with not half the ability.

Q. To whom did you advocate it?—A. I talked to a great many people, though I do not think I was in the Capitol three times; but when I met a gentleman I talked to him about it.

Q. Was it of any advantage to talk to persons who could not vote for it?—A. But I talked to persons who could vote for it.

Q. Did you advocate it to members, personally?—A. Yes; and to everybody else who I thought would be of any service. That was the essence of my arrangement.

Q. I understood you to say that you were not at the Capitol more than three times?—A. Not more than three times; but I met members at my banking-house and elsewhere, and sometimes I got others to go and see them on the subject.

Q. Who were the persons whom you employed to go and see members?—A. To illustrate my services, I will state there was one gentleman whom I did not employ, but whom I asked to go and see Mr. Beck, and secure an interview between Mr. Beck and Mr. Irwin. This gentleman succeeded in procuring an interview between Mr. Beck and Mr. Irwin. I supposed that something would come out of it, but nothing came out of it. Mr. Wylie secured the interview.

Q. This Mr. Wylie was one of the men whom you employed?—A. No; I did not say so.

Q. Whom did you employ?—A. I did not employ any one.

Q. Did you not send Mr. Wylie to Mr. Beck?—A. Yes; but I did not employ him.

Q. Was that the only employment of persons by you?—A. I did not employ any one. I generally transact my own business.

Q. Did you pay any money to any of the other persons whom you sent or employed?—A. No, sir; I did not employ or pay any one.

Q. They were never paid for anything they did for you?—A. No, sir.

Q. You paid nobody, either out of this money or any other money, for anything in connection with the Pacific Mail subsidy?—A. No, sir.

Q. Do you know anybody else who was employed to aid in procuring the subsidy, who was paid money by Mr. Irwin, or the Pacific Mail Steamship Company, or anybody else?—A. I cannot say that I do.

Q. Are you certain that you know of no one who was paid for his services in aiding to procure the subsidy?—A. At this moment I cannot recall that I do. It was an independent matter between Mr. Irwin and myself, and I had nothing to do with his arrangements, or whom he employed. I was more astonished than any person in the world, perhaps, when I saw the amount of money he used for the purpose.

Q. I should like to know what you agreed with Mr. Irwin at the time he paid you that \$12,000?—A. I cannot state it any more plainly than I have done.

By the CHAIRMAN:

Q. You were to believe in it?—A. No, sir; I was to advocate it; I did believe in it just as you did.

By Mr. KASSON:

Q. At the time that this agreement was made, was there anything to be done by you that could be called a consideration justifying the payment to you of \$12,000? You say that you were to do "what I could." Is that all you can state?—A. That is all; and I did do that.

Q. So that when you agreed to advocate this measure and to do all you could for it, Mr. Irwin agreed to pay you \$12,000, without knowing what the subsidy would amount to?—A. Yes; I was engaged in the banking business at that time, and was in New York most of the time, and I told him that he could not afford to pay me what I thought my services were worth; but he thought differently, and he named the amount.

By Mr. BECK:

Q. Did you disclose to the members of Congress to whom you talked, that you were paid for that work?—A. No, sir.

Q. You spoke to them when they came about your banking-house, and you advocated it generally, without telling them that you were employed for the purpose?—A. It was not my duty to tell them anything about my employment.

Q. And whenever you found a man who was a friend of a member, you employed him to go and talk to the member?—A. I employed all the legitimate means possible to secure the subsidy.

Q. You got Mr. George W. Wylie to do so?—A. I think so.

Q. You got him to talk to me for the purpose of seeing if he could get me to vote for the subsidy; was that your idea?—A. You do not put it exactly right. Mr. Irwin was possessed of all the statistics in regard to that matter. He was a very intelligent gentleman, and it occurred to me that he, Irwin, could convince you to support the measure if you would grant him an interview. You did grant him an interview, and I was very much in hopes that he would accomplish what he wanted, but he failed, totally failed. That is about the character of my services in the matter.

Q. I believe I never spoke to you before?—A. No, sir; I do not think I have the pleasure of your acquaintance.

Q. The fact is developed that I made some pretty ugly speeches against the subsidy, and voted against it and resisted it at every turn?—A. Yes, sir; you did.

Q. But that was the way you worked the thing—to try and get members of Congress persuaded in that way?—A. Yes; to convince them of the justice of the measure.

Q. Concealing the fact, however, that you were employed for the purpose?—A. I did not think it necessary to state so.

Q. Do you think that it was exactly right for a gentleman to come and lay statistics before members and try to persuade them to vote for a measure, concealing the fact that he was getting money for it?—A. Undoubtedly; but, if you had asked me the question, I should have told you very frankly.

Q. I suppose that numbers of members of Congress came about your banking-house?—A. I cannot say that numbers did, but several.

Q. And you made it your business, when they did come, to urge this

thing upon them?—A. As I would in regard to any measure which I believed in so strongly as I did in that.

Q. You believed very much more strongly in it on account of your having this \$12,000 interest in it?—A. There is no doubt that it did have some effect upon me, but I believed in it then and I believe in it now. I do not pay quite as much for my tea now.

By the CHAIRMAN:

Q. You think that the fact that the subsidy passed, although not a dollar has been paid by the United States on it, has reduced the price on tea?—A. I do not know. I think it very likely. That is one reason why I advocated it.

Q. You say you believe that it has reduced the price of tea. Please tell us how.—A. I said that the price of tea now is less than it was then.

Q. But as the Pacific Mail Steamship Company has not received a dollar of the subsidy yet, how has it had that effect?—A. That I do not know. I only know that the tea is less in price.

Q. How did you suppose that it had reduced the price of tea?—A. I think it very likely that it has done so, because the Pacific Mail Steamship Company has built iron steamers and facilitated communication with China.

Q. Were you aware that not a dollar of the subsidy had been paid?—A. Sometimes the anticipation gives us credit.

Q. You recollect having requested Mr. Wylie, a friend of yours, to talk with Mr. Beck. Can you recollect requesting any other individual to talk with any other members?—A. I do not know that I can just now; they were so numerous.

Q. You were up at the Capitol three or four times?—A. I was up here several times.

Q. More than three times?—A. I cannot tell; it may have been four times.

Q. While you were up at the Capitol, did you ever have a member out to talk with him on the subject?—A. I do not think I did.

Q. Did you talk with any member on the subject while you were here?—A. I do not think I did. I was up in the reporters' gallery most of the time, I may have done so.

Q. And you do not remember having talked to members?—A. Not to any particular member.

Q. How many members did you meet at your place of business whom you talked with?—A. I cannot say.

Q. Do you recollect any member whom you talked with at your place of business?—A. It is three years ago, and that is a long time to recollect a circumstance.

Q. Can you recollect any member?—A. No, I do not recollect any by name.

Q. Did you report from time to time to Mr. Irwin the amount of service which you were rendering in behalf of that subsidy?—A. No, sir; it was not necessary.

Q. Before you received the \$10,000 did you report to any person the amount of service which you had rendered?—A. I do not recollect; I may have done so.

Q. Can you recollect any one thing that you did do, which you can testify to now, except the fact of requesting Mr. Wylie to speak to Mr. Beck?—A. Except in the general way I have mentioned.

Q. Can you recollect any one thing?—A. I cannot say now.

Q. Then your answer is that you cannot recollect any one thing ex-

cept that one thing?—A. Not at this moment; except what I have mentioned in my written statement.

Q. Do you desire to take time to consider that question?—A. I do not think it necessary to take time.

Q. You then do not recollect any one act which you did as consideration for that \$10,000 beyond the single item of requesting a friend of yours to speak to Mr. Beck? If you can I wish you to tell what it is.—

A. Nothing except what is in that general statement.

Q. That is not any particular thing. You cannot recollect any one particular thing that you did, except that one?—A. I cannot add anything to my statement.

Q. Can you tell how much time you devoted to that matter?—A. I devoted a good deal of time to it one way or another. I went over to New York once or twice.

Q. What was your business in New York on behalf of the subsidy?—

A. As I have stated, there was a very large interest opposed to that measure.

Q. What did you do for the measure when you got to New York?—A. My purpose was to change the interests of those parties there, if I could.

Q. Whom did you see there for that purpose?—A. I saw a good many.

Q. Tell us one.—A. I talked with members of several houses—Capron & Co., Scott, Strong & Co., and other houses there.

Q. Do you mean to say that Capron & Co. were fighting the subsidy?—A. No, sir.

Q. Then it would not do any good to attempt to mollify them?—A. It would, if they had a large number of customers on the bear side.

Q. Do you not know that Capron & Co. were in favor of the subsidy?—A. Yes, sir.

Q. Do you not know that Scott, Strong & Co. were?—A. Scott was in favor of it, but many of their customers were not.

Q. What did you do when you got there?—A. I represented my belief that the measure would pass. My object was to change the interests of those who were opposed to it, and bring them in favor of the measure.

Q. The men who were opposed to it were men who had sold short?—A. Yes, sir.

Q. And you wanted to convince them that the measure was sure to pass?—A. That I thought it would pass.

Q. What effect did you represent to them that the passage of the subsidy would have upon persons who sold short?—A. I represented that the stock would go up.

Q. And would not that make it worse for them?—A. Decidedly.

Q. Would not that make them more opposed to it than ever?—A. Not at all; if they bought the stock in, they would cease to have an interest against the measure and would be in favor of it.

Q. But suppose they had sold the stock short?—A. They would not necessarily be opposed to it.

Q. Did you say that that was the class of men whom you desired to appease?—A. Yes; in order to induce them to buy in their short stock, and become the friends of the measure instead of its enemies.

Q. Then your purpose was to induce men to buy in stock, in the expectation that the subsidy would pass?—A. Yes, sir.

Q. Can you recollect any firms which you went to for that purpose?—A. I have stated the firms of Capron & Co. and Scott, Strong & Co. Brokers themselves are very seldom interested in stock speculations; it is their customers who are.

Q. How many times did you go to see those two firms?—A. I was there pretty much all the time.

Q. On this business?—A. On this business and on my own business.

Q. Which was it?—A. Both.

Q. How many times did you see those two firms?—A. I saw them every day.

Q. On this business?—A. I did not speak about it every day.

Q. Did you speak more than once on the subject?—A. Yes; frequently.

Q. You found them all friends of the subsidy?—A. I think Mr. Scott was.

Q. And Capron & Co.?—A. I think so; I cannot recollect. They may have been friends of the measure, but they were not satisfied that the measure would pass.

Q. You were to operate on the bears to try to take care of them?—A. Not to take care of them, but to convince them that they were mistaken, and that the subsidy would pass.

Q. To thwart the opposition of the bears?—A. Yes.

Q. Did you know there was another man here employed for that purpose?—A. No, sir.

Q. You were not aware that there was a man here named Averill for the very same purpose?—A. No, sir.

Q. Mr. Irwin did not communicate that fact to you?—A. No, sir.

Q. How early were you employed?—A. I think in February or March. I do not recollect.

Q. Do you think that \$12,000 to you and \$10,000 to Averill was a fair compensation for that class of work?—A. I do not know anything about Mr. Averill.

Q. What about your own?—A. I think it was worth more, even if I had accomplished nothing.

Q. You think that your services were worth more than that?—A. I intimated that to Mr. Irwin. I was engaged in business, and did not care to be devoting myself to his business unless I was paid for it. You may not estimate my services as I did.

By Mr. ROBERTS:

Q. Was there any understanding, at the time you made the agreement with Mr. Irwin, that you were to pay any portion of the money to anybody else?—A. No, sir.

Q. Was there any understanding that you were to lend any money to any person, as an inducement to him to aid the measure?—A. No, sir.

Q. Did you, in fact, lend any money to any person for that purpose?—A. No, sir.

Q. Did you know of any money being lent for that purpose?—A. No, sir.

Q. Did you carry any stocks for any member of Congress, or for any officer of either House, for the purpose of affecting a vote on the subsidy?—A. No, sir.

Q. Or for anybody?—A. Yes; I dare say I have for other persons.

Q. For the purpose of securing their support of the subsidy?—A. No, sir.

Q. During that spring did you see any agents of the short interest here opposing the subsidy?—A. I do not call any to mind now.

Q. Was there anybody here, that you knew, outside of Congress, opposing this subsidy?—A. No, sir; not to my personal knowledge.

Q. Were you employed by any person other than Mr. Irwin to aid in procuring that subsidy?—A. No, sir.

Q. Did any officer of the company ever employ you?—A. No, sir.

Q. Were you a member of the banking-house of Fant, Washington & Co.?—A. Yes.

Q. The testimony shows that a certified check of Rich. B. Irwin, on the American Exchange Bank, was received by Mr. Capron & Co., from the house of Fant, Washington & Co., for \$4,000, on or about the 21st of May, 1872. Have you any knowledge of that check?—A. I had a conversation with Mr. Washington on that subject last Sunday. He was the cashier of the bank, and cashed that check. I had an impression that the check was paid to a certain individual, but Mr. Washington thinks that it was paid to Mr. Irwin. I cannot enlighten you on that subject. He was the teller, and it is a very common thing to cash a check at the counter.

Q. At what time did you go to New York on this business for the Pacific Mail Steamship Company; were you there at the time that this check of about \$4,000 was drawn?—A. I think I was.

Q. Did you take the check on to Washington?—A. No, sir; it was sent by mail.

Q. It was not paid to you?—A. Not at all; it is not a part of the \$12,000 that was paid to me. I was in New York at the time that Mr. Abert made the deposit of \$10,000 to my credit.

By Mr. BECK:

Q. How many members of Congress had accounts in your bank?—A. I cannot tell you. I know that several had—two, three, four, five, six, or perhaps more.

Q. Did you, in consideration of their action in favor of the subsidy, either advance money to them, or allow them to overdraw their accounts?—A. No, sir; never. I never had any such transaction with any member of Congress in connection with any measure.

Q. Did Mr. William S. King have any account in your bank?—A. Yes, some years ago; but not within the last five or six years.

By the CHAIRMAN:

Q. Do you know Mr. Capron?—A. Yes.

Q. You saw him last Thursday night?—A. No, sir; last Friday.

Q. You had a talk with him then?—A. Yes.

Q. He testified here that you told him that night who it was that this \$4,000 check was paid to?—A. I told him that it was my impression that it was paid to a newspaper correspondent, but on Sunday last I had a conversation with my partner on that subject, and it turned out that I knew nothing about the check, and that it was cashed by him.

Q. What did you tell Mr. Capron?—A. As it was but a mere impression on my mind, I think it would be unjust to the gentleman that I should mention his name here.

Q. His memory may be better than yours, and perhaps you had better give us your impression. What I want to know is, what you told Mr. Capron.

The WITNESS. In other words, you wish me to give you the name of this gentleman?

The CHAIRMAN. I only want you to tell us what you told Mr. Capron.—A. I do not know whether I told Mr. Capron the name or not. I think I mentioned to him the name of a newspaper correspondent. The gentleman whose name I mentioned is not a member of Congress.

Q. What I asked you is, what did you tell Mr. Capron?—A. I think that I mentioned to Mr. Capron the gentleman's name which I had on my mind at the time. It was a mere impression. I do not think that the committee should require me to give my impression. I think that I mentioned the name of Samuel Hatch, and I was under the impression at the time that the check was paid to him. Since then I have conversed with my partner, and we both came to the conclusion that it was paid to Mr. Irwin.

Q. Who is Mr. Samuel Hatch?—A. I think he was at that time the correspondent of a New Orleans paper. He resided then in New Orleans.

WASHINGTON, D. C., *January 12, 1875.*

DONN PIATT sworn and examined.

By Mr. ROBERTS :

Question. You are aware that Mr. Abert testified before this committee that he had paid you \$5,000, in connection with the Pacific Mail Steamship Company's subsidy?—Answer. Yes, sir.

Q. Did you receive that sum of money from Mr. Abert?—A. I did.

Q. At the time he mentioned?—A. Yes.

Q. Will you state to the committee on what account that money was received by you?—A. Just before Mr. Irwin left this city, he promised me to let me have that money in the shape of a loan.

Q. Were you in the habit of borrowing money from Mr. Irwin?—A. I find on looking over my accounts that this is not the only sum I got from Mr. Irwin. Some time before the 26th of March I received \$800 from him, which was repaid to him by this check, [handing the check to the committee.]

Q. You submit this check to show that you had previously borrowed \$800 from Mr. Irwin?—A. Yes, sir, and that I repaid it.

Q. And that this check of yours, indorsed by him for deposit, indicates that you paid that sum?—A. Yes, sir.

Q. Was there any other loan from him to you, about that time?—A. There is another transaction which I cannot recollect. There seems to be a check of the Metropolitan National Bank paying me some money. I cannot recollect the transaction at all, nor can Mr. Irwin.

Q. How large a sum was it?—A. I understand that it is a small sum of \$100 odd.

Q. This sum of \$5,000 was a loan to you?—A. Yes, sir.

Q. Had it any connection with the Pacific Mail subsidy?—A. None whatever; I opposed that measure from beginning to end.

Q. Individually and through your newspaper?—A. Yes.

Q. Did you in any way seek to influence the action of Congress on the subsidy?—A. Yes; I did all I could to defeat it.

Q. You did not in any way give, even indirectly, any support to the measure?—A. No, sir.

Q. Did you understand that that loan came in any way from the Pacific Mail Steamship Company?—A. No, sir.

Q. This loan of \$800, which is represented by the check which I hold in my hand, or the \$5,000 to which you refer, did you understand that either of them came from the Pacific Mail Steamship Company?—

A. No, sir; they came from Mr. Irwin's private means, as I understood.

Q. The money seems to have come from the Pacific Mail Steamship Company?—A. The money was paid after Mr. Irwin left here, and he sent it to me through Mr. Abert.

Q. Did you have any relations with the Pacific Mail Steamship Company in the return of this loan?—A. No, sir.

Q. Was the loan repaid?—A. Yes.

Q. To Mr. Irwin as an individual?—A. Yes, to Mr. Irwin as an individual.

Q. Then you desire the committee to understand that in all that transaction you did not understand that you had any connection with the Pacific Mail Steamship Company?—A. I could not have. It was out of the question.

By the CHAIRMAN:

Q. How was the \$5,000 loan repaid?—A. Here is the note which indicates the time when it was paid. [Handing the paper to the committee.]

Q. This note you gave for it at the time that you received the loan?—A. Yes.

Q. To Mr. Abert?—A. No, to Mr. Irwin.

Q. Where was Mr. Irwin when you received this money?—A. In New York.

Q. Did you get the money in New York?—A. No, I got it here.

Q. Then you did not get the money from Mr. Irwin?—A. I gave the note to Mr. Irwin and got the money from Mr. Abert.

Q. Did you give the note before you got the money?—A. Yes.

Q. Did you give this note actually at the time that it bears date?—A. I presume so. My recollection is not very distinct. I was asking Mr. Irwin about it, and he does not recollect any more about it than I do. I may have sent him the note; I do not recollect.

Q. You do not recollect how he got this note?—A. No, not very clearly.

Q. When you received the money from Mr. Abert, what did you give him?—A. I do not recollect; I think I gave him a receipt for the money.

Q. Tell us how you paid Mr. Irwin back this \$5,000.—A. It was paid by a friend of mine. I do not know whether he paid it in New York or in San Francisco. He was going to San Francisco and he said he would take the note up.

Q. Did you give him the money to do so?—A. Yes.

Q. Who was the person?—A. That takes me into another private transaction which I do not think is connected with this inquiry. I would rather not go into it. It has nothing to do with this inquiry. As it is entirely outside of the inquiry, and is a private transaction of my own, I do not see that I am called upon to state it.

Mr. KASSON. The duty of the committee is to trace this fund, and this sum of \$5,000 appears to be a part of \$125,000 that was used in procuring the subsidy. The committee would subject itself or somebody to suspicion if it did not follow the matter up.

WITNESS. If you recall Mr. Irwin, I think he will tell you that this money was loaned to me out of his private funds, and was not connected with the Pacific Mail Steamship Company. One thing is very certain, that when the money came into my hands, it was not used to corrupt Congress.

The CHAIRMAN. Mr. Irwin is more willing to answer to his friends than he is to the committee.

WITNESS. I do not wonder at that. The man has been a good deal afflicted here lately.

By the CHAIRMAN:

Q. On the back of this note I see the words "Paid July 22, 1872. R. B. Irwin." Is that in Mr. Irwin's handwriting?—A. Yes.

Q. What does that mean?—A. I do not know; that is the way that the note came to me.

Q. How did it come to you?—A. It came to me through the mail. The gentleman who took the note up sent it to me through the mail.

Q. This note appears to be payable to the order of Richard B. Irwin, and is indorsed by him "Paid, July 22, 1872. R. B. Irwin." You gave this note to Irwin, in person?—A. That is my recollection of it.

Q. And you are not quite sure whether you gave it to him in this city or in New York?—A. I did not give it to him in New York, for I was not there, but I might have sent it to him. We had a correspondence about the matter, but my impression is that I gave him the note here.

Q. Then you did not receive the money from him, at the time?—A. No, sir; I did not. He told me at the time that he would have to go to New York before he could help me.

Q. What did you do with the money you got from him?—A. That goes again into my private affairs. I can say to the committee that I paid none of it out to any Congressman, any lobbyist, or any door-keeper. I paid my creditors.

Q. Did you ask this friend of yours to take up this note for you?—A. The friend volunteered to take it up for me.

Q. Do you still owe that friend for having taken up the note for you?—A. No, sir; not all of it; I owe him some of it.

Q. How much have you repaid to him?—A. I cannot go into my private affairs.

Q. Do you mean to say by that that you decline to answer?—A. Certainly. If your inquisition was in private, and if I had the confidence of you gentlemen, I would bring my bank-book and all my papers here.

By Mr. NIBLACK:

Q. I understood you to say that you used this \$5,000 for your own private affairs exclusively?—A. Altogether. I was in great distress for money at the time, and I used it altogether. Every transaction connected with it can be shown by the books of the First National Bank, if the committee insists on it. My impression was, till I found that check, that I was doing business in another bank, but I find that it was in the First National Bank.

WASHINGTON, D. C., *January 12, 1875.*

J. H. HERSEY recalled.

By Mr. BECK:

Question. The committee desires that you shall furnish us with the facts relative to the expenditure of that \$11,000 that you received. Can you do it?—Answer. No, sir. I do not know that I can, any more than I stated yesterday.

Q. You can tell to whom you paid it, and can furnish us with the evidence of its payment?—A. It has been used up in the ordinary expenses of living. As I stated yesterday, I had owed considerable money, and when I got that I paid up my debts.

Q. You can furnish us a statement of those debts?—A. I can of part of them. I have no memorandum of all of them.

Q. What income had you been receiving up to that time?—A. I was probably getting \$1,800 a year.

Q. How much debts did you pay at that time?—A. Probably \$1,500 or \$2,000; I cannot tell exactly.

Q. Did you pay that \$1,500 or \$2,000 of indebtedness immediately after receiving this \$11,000?—A. I paid it pretty soon after.

Q. Do you recollect to whom you paid it?—A. I do, part of it.

Q. Can you furnish the committee with the amount which you used in paying your debts?—A. I cannot.

Q. Why not?—A. Because I have no memorandum of it, and no recollection of it. I owed various sums, from \$150 to \$700 or \$800.

Q. To whom did you owe \$700 or \$800?—A. To my brother-in-law, in Rochester, N. Y.

Q. When did you pay him?—A. Pretty soon after I got this money.

Q. You have his receipt for the payment?—A. I do not know.

Q. Did he hold your note?—A. Yes.

Q. Have you got the note?—A. No.

Q. Did he return it to you?—A. No, sir; it was destroyed.

Q. When did he loan you that money?—A. At various times during the winter previous.

Q. When did you give your note to him?—A. At that time. I think he had perhaps three notes; I borrowed \$200 at three different times.

Q. To whom else did you owe money? Who was your next highest creditor?—A. I probably owed a clothing bill, and some grocery bills about Washington. I paid perhaps \$100 to a tailor in Baltimore.

Q. And your grocer's bills and other bills ran up to how much more?—A. Seven hundred dollars.

Q. That would account, in all, for about \$1,500 of indebtedness that you paid?—A. Perhaps from \$1,500 to \$2,000.

Q. Call it \$2,000, and that leaves \$9,000 more that you had. What became of that money?—A. I used it.

Q. Did you deposit it anywhere?—A. Yes, in the First National Bank of this city. I had an account there and deposited different amounts there at different times.

Q. All the money you did not need with you for immediate use you deposited in that bank?—A. No, not all of it. I bought some \$2,000 of Government bonds.

Q. Who made that purchase for you?—A. Mr. Latham, the cashier of the First National Bank.

Q. Have you those bonds yet?—A. No, sir.

Q. What became of them?—A. I sold them. I bought them when they were somewhat down, and I sold them when they were high.

Q. About what time was the purchase?—A. Some time in the fall of 1872, perhaps.

Q. And when did you sell them?—A. I sold them about New Year's.

Q. That transaction was all done through the First National Bank?—A. Yes, sir.

Q. And their books will show the purchase?—A. I presume so.

Q. The balance of this money, (assuming that you spent about \$2,000 of the \$11,000,) what did you do with it? Did you deposit the other \$7,000 in the First National Bank?—A. No, sir; not all of it.

Q. How much did you deposit there?—A. I do not recollect. I can tell by looking at my bank-book.

Q. Have you got that bank-book here?—A. No, sir; I can produce it by going to my house.

Q. Prior to the time you received that money had you kept an account with the bank?—A. Yes, sir.

Q. And you continued it on after the receipt of that money?—A. Yes.

Q. Leaving out what you deposited in that bank and the bonds which

you purchased, did you deposit the balance of the money anywhere, or what did you do with it?—A. I bought some personal property.

Q. To about what amount?—A. Nearly a thousand dollars, I should think, or perhaps more than that.

Q. Did you keep a check-book?—A. I did part of the time, and part of the time I did not.

Q. Have you got a record of your checks?—A. No, sir.

By Mr. BURCHARD :

Q. Was the \$11,000 paid in large bills?—A. Yes, sir.

Q. Did you carry these bills about your person, or deposit them?—A. I carried them about me. I think I deposited \$2,000 or \$3,000 pretty soon after that, but the balance I carried with me.

Q. For how long a time?—A. I cannot recollect now. During the summer and fall.

Q. Did you lose any of those large bills?—A. No, I never lost a dollar except in speculation.

Q. You paid out all this money in settlement of debts and investments?—A. Yes, sir.

By Mr. KASSON :

Q. You say that about \$7,000 which you do not account for you carried around in your pocket for several months?—A. I carried a good deal of it for several months.

Q. In your pocket?—A. Yes, sir.

Q. Is that a habit of yours, when you have so many thousand dollars, to carry it about in your pocket, when at the same time you have a bank-account?—A. Yes, sir. I have done business before I came to Washington, and handled pretty large sums of money, and carried them about me.

Q. When at the same time you had a bank-account?—A. No ; I probably did not have a bank-account.

Q. Here you had a bank-account, and yet you carried several thousand dollars in your pocket for several months?—A. Yes.

By Mr. FOSTER :

Q. Why did you deposit \$2,000 and retain \$9,000?—A. I supposed I might want to use it, and I wanted to save myself the trouble of drawing checks. I went to New York soon after that, and I did not know but I should want to use it there.

By Mr. KELLEY :

Q. If you had deposited it, could you not have drawn upon it in New York?—A. Yes, no doubt I could.

Q. Did you owe any money to any persons around the Capitol?—A. Not to any considerable amount ; nothing but a little borrowed money, perhaps.

Q. Do you recollect having owed any borrowed money to any friends around the Capitol?—A. I do not recollect. I have a good many acquaintances here, and they often borrow money from me, and I from them ; and perhaps at that time I owed some friends some borrowed money in that way.

Q. Can you mention any names now of persons to whom you owed any money in that way?—A. No, sir.

By the CHAIRMAN :

Q. Did you put any of this money in an envelope at any time?—A. No, sir.

Q. Did you ever see any of it put into an envelope?—A. No, sir.

By Mr. FOSTER :

Q. You intimated something about your having lost some of the money in speculating.—A. I lost some money in a pork speculation once.

Q. You lost nothing in stock speculations ?—A. No, sir.

By the CHAIRMAN :

Q. When was this pork speculation ?—A. The winter before. I lost nearly \$1,500 in it. That was part of the money I owed ; and I know that that was part of the money that I paid.

Q. Where did you get the money to go into the pork speculation ?—A. I had about \$1,000 saved up about that time. I was induced to go into that speculation, expecting to make something out of it, and I lost about \$1,500.

Q. And \$500 of that was part of the indebtedness you owed ?—A. Yes.

By Mr. ROBERTS :

Q. Have you the checks that were returned to you from the bank ?—A. I may have part of them ; but usually, when my account is settled, I look it over and burn up the old checks.

Witness appeared again on the 13th of January, 1875, and was examined as follows :

By the CHAIRMAN :

Question. At the close of your examination yesterday, you had given some account of what you had done with a portion of the \$11,000 paid to you by Mr. Abert. Will you commence anew and give that account as far as it is in your power ?—Answer. I have here my check-book with the First National Bank. As I stated yesterday I never had but one check-book, and that a small one, and the checks were all used and destroyed when the bank failed. I suppose that in looking over my checks I destroyed them, for I have not been able to find any of them.

Q. By the help of your book, or by any other means which you have of refreshing your memory, state to the committee how it was that you disposed of that \$11,000.—A. I stated yesterday that I had paid a brother-in-law of mine a debt of \$700, I think. I also had used in my family in the neighborhood of \$1,000 in the purchase of furniture and things of that kind. I am unable to say how much I owed at that time, as I have no memorandum to show me. I know that I was considerably in debt. I think I stated yesterday that it was between \$1,500 or \$2,000 that I owed in various sums. This book [handing his bank-book to the committee] shows my entire bank account.

Q. How much of this account is it that you cannot call to mind what disposition you made of it ?—A. On May 29, 1872, I deposited \$3,150, and on June 5, \$2,700. On the opposite page of the book the different checks drawn against my credit are shown—\$25, \$93, \$35, \$100, &c. These sums were used in paying my bills. On July 10 I find that they balanced my book, showing \$4,509 to my credit. On 11th July I deposited \$800, on the 12th \$1,100, on the 17th \$2,000. The last entry is evidently a mistake. That deposit was not on July 17, but on 17th October. On November 9, after I returned from the West, I deposited \$595 ; on November 29, \$216 ; on December 4, \$988.25 ; and January 16, 1873, \$500. In 1873 there are various sums deposited : \$750, \$100, \$300, \$500, &c., so that this account covers a considerable period of time.

Q. How much of what you have testified to having deposited there

were the proceeds of that \$11,000?—A. All of it. Various sums were drawn out and returned. For instance, when I went West I drew out \$1,800, and when I returned I deposited \$575. When I left for the West, I left some money with my brother-in-law to use, but he did not use it. He returned it to me after I came home. That money I put right back in the bank again. There are some large checks here, which I have drawn at different times—\$500. They went to pay for some stock which I had bought. If the committee takes the trouble to look at the checks I can explain them as I go along.

Q. State how you disbursed this \$11,000.—A. I have used that entire sum for my own benefit. I disbursed it to no one except in my proper and legitimate business, which I had a right to go into, entirely independent of that matter.

Q. Tell us what that business was.—A. I bought \$5,000 of stock with part of it.

Q. What kind of stock?—A. Texas and Pacific Railroad stock.

Q. What did you do with the stock?—A. I have it now.

Q. Did you pay cash for it?—A. I paid it in installments.

Q. How much did you pay for the stock?—A. \$3,750, being 75 per cent. of the \$5,000 which the stock represented.

Q. What did you do with the rest of the money?—A. I think that there must be \$8,000 or \$9,000 already accounted for. I gave my sister about \$500, and I loaned my nephew here \$300, and I bought a horse and buggy for \$400. If I could have time to go through the entire schedule I think I could account for the whole of the \$11,000.

By Mr. KASSON:

Q. [After examining the check-book of the witness.] I find on June 27, 1872, a check for \$500, in round numbers. What is your recollection about what that check is for?—A. I do not find any memorandum of it, and I do not recollect it. It was, probably, drawn to be used in my family.

Q. The next considerable item is on September 19, \$500, and on the same date \$250.—A. That was the time when one of the installments on my stock was due.

Q. On October 19, 20, 21, you drew, respectively, \$1,000, \$1,500, and \$500. Do you know what those checks were for?—A. Before going out West I bought a lot in Washington, and I left \$1,000 with my lawyer that he might investigate the title, and, if he found it correct, purchase the lot and pay the money. The title proved to be imperfect, and the money was returned to me when I came back. The \$1,500 I drew to take out West. The \$500 was an installment on my stock.

Q. What did you do with the checks drawn September 4?—A. That was when I bought Government bonds.

Q. On December 27 you drew \$500?—A. That doubtless went to pay an installment on the stock. My receipts will show the dates when these installments came due, and when the money was paid.

By Mr. BECK:

Q. Did you make any bargain with Irwin as to the amount of money which should be paid to you?—A. I did not.

Q. When did you first learn that you were to get \$11,000?—A. Probably pretty soon after the bill passed.

Q. Who did you learn it from?—A. Either from Abert or Irwin, one or the other.

Q. How long before you received it?—A. Probably the day before. Mr. Abert requested me to call at his room the next day.

Q. Were you not a good deal surprised at the amount of the sum to be paid to you?—A. Yes.

Q. Did you express any surprise at it?—A. No, I don't know that I did. I took the money very agreeably.

Q. Who first employed you?—A. No one employed me.

Q. How was the suggestion made by which you became entitled to receive any money at all?—A. There was no suggestion made in any way or shape.

Q. Was this the first you knew that anybody wanted you to do anything, when they called and told you you were going to be paid this money?—A. No, sir; I have treated Mr. Irwin the same as I have treated anybody at that door since I have been there; nothing more nor less.

Q. Was no suggestion made by you that you could control the votes of members or keep any members away?—A. No, sir.

Q. Did you make no suggestion that you would divide this money?—A. Not the slightest.

Q. And neither he nor any of his friends had a right to understand that you were going to divide with anybody or to take any extra steps to aid them in getting votes?—A. No, sir, not to my knowledge.

Q. Did you suggest to them that you could do so?—A. No, sir.

Mr. NIBLACK. The point with me is, how these people attempted to give this witness \$11,000 for the trivial service which he seems to have performed, and not pay anybody else connected with the Capitol. I cannot understand that. It has been suggested to me, (and I say it in the witness's hearing,) that he did claim that he could control three votes, and that this money was paid to him under the supposition that he had something to do with controlling three votes in the House, and that \$3,000 was given for each of those votes and \$2,000 for himself.

The WITNESS. I did not make any such suggestion. It would be the most absurd thing for me to do. You all know how many rumors there are round the Capitol, and that is doubtless one of them. It is perfectly absurd to suppose that I should make any such statement as that.

By Mr. ROBERTS:

Q. Is that any more absurd than that they should pay you \$11,000 for the services which you claim to have rendered?—A. I think it is. I do not think that a man of my age and appearance would make any such assertion.

Q. Can you indicate any reason why this sum of money was paid to you?—A. I cannot.

Q. Can you state the grounds on which you received the money?—A. It may be well enough for me to state that Mr. Irwin and I have known each other a good while and have been good friends.

Q. Do you mean to put it on that ground that he paid you the money?—A. It is possible that something of it may have come out of his good feeling toward me. I do not know that that is so, but possibly that may have had something to do with it.

Q. State in full all the grounds which you know as having had any effect in bringing this money into your pocket.—A. I do not know that I can state any. I have no grounds to state any more than I stated in my testimony the first time I was here.

Q. Repeat what those grounds are, so that we may have all the considerations together, which you understand affected the payment of the money.—A. I told the committee the other day that it was substantially the same as Mr. Boyd had stated just before my testimony.

Q. State it in your own words.—A. Either Mr. Irwin or Mr. Boyd

requested me to notice with whom Colonel Bee conferred. It seems that he was on the floor. How he came there I do not know, but Mr. Boyd says that he came in after him when he was receiving a message from the Senate. I did say that I either told him, or Mr. Boyd, of the several members whom I had seen this man talking with. It was at an evening session of the House.

Q. That was one ground of your being paid. You played the spy on members of the House?—A. No, sir; I did not play the spy on any members.

Q. What was it?—A. It was on these men, not on members.

Q. That is one ground on which you say you received the money; what other grounds were there?—A. None that I know of.

Q. Were you in the habit of admitting to the floor persons representing the Pacific Mail Steamship Company, and who were not members of the House?—A. No, sir, I was not. My instructions were to exclude everybody from the floor who were not entitled to it.

Q. But as a matter of fact, did you admit lobbyists?—A. No, sir; I carefully avoided that.

Q. Do you mean now to state that you have given to us all the grounds on which you expected to receive and did receive this money?—

A. I did not expect to receive any money. It was a gratuity; it was a present.

Q. Have you stated to the committee all the grounds on which you received this money from Mr. Abert?—A. I have.

Q. Do you say that you did not claim that you had influence with any members or officers of the House?—A. I did not claim any such thing.

Q. Did you attempt to control the vote of any member of the House?—A. Never in my life.

Q. Or to influence any member?—A. Not a particle.

Q. Did you lend any portion of this money to any member of the House?—A. Not a dollar.

Q. Or to any officer of the House?—A. It may be that some friend among my associates may have borrowed \$50 or \$100 from me temporarily.

Q. Did you, as a matter of fact, lend any of this money to any officer of the House with a view to secure his friendship?—A. No, sir; never.

Mr. KELLEY. While this statement may seem satisfactory to other members of the committee, it is less satisfactory to me. Like Mr. Niblack, I have known the witness for a long time, and, in the kindness of friendship, I had a conversation with him yesterday on this subject, in which I urged him to account satisfactorily for the \$7,000. (To the witness.) You stated to me yesterday that the difficulty about accounting for that \$7,000 was, that it would constrain you to expose confidential operations which you and a friend had had; did you not?—A. It was this stock operation which I alluded to. I did not feel at liberty to tell the committee, but I suppose that all you gentlemen know me well enough to know that I have some regard for the solemnity of an oath. The newspapers had misrepresented the thing, and that worried me a good deal; but I have consulted with this friend, and I obtained his consent to show this account, and to show where the money went to.

By Mr. KELLEY:

Q. That account does not involve any confidence between you and any friend?—A. It exposes my household matters and my business.

Q. Was that the point you made with me yesterday?—A. Yes.

Q. Why, then, did you say that it would require you to expose confidential operations between you and a friend of yours, and that that had

made you hesitate ; that you were willing to show your own affairs, but that you did not wish to bring in the name of a friend ?—A. Did I use the word expose ?

Mr. KELLEY. I do not know whether you used that precise word, but I have given you the idea as expressly as any language can permit me.

The WITNESS. You asked me to clear myself, and I told you that I could by showing my bank-account, but that that would lay open to the world my transactions with private matters.

Mr. KELLEY. But you put it in the form of a question to me, "Should I, if I would expose confidential matters between myself and a friend?" and I answered you that no confidence could be so valuable to you as the retention of the confidence of those who had so long held you in regard and esteem. If my memory serves me right you then said, "Well, I will come in the morning and tell the whole story."

The WITNESS. That is substantially so. I have no doubt about your statement of it. That is all I alluded to.

Mr. KELLEY. Were you telling me the truth yesterday when you told me that it would expose confidential operations between you and a friend ?

The WITNESS. I was.

By the CHAIRMAN :

Q. From whom did you purchase that stock ?—A. I purchased it through General Paine.

Q. Was there anything about the transaction which rendered it improper for you to state it ?—A. Not in the least.

Q. Why, then, did you hesitate ?—A. Because I thought it my duty to consult with General Paine. He had been a long time a friend of mine.

Q. Have you got the stock here ?—A. I have not.

Q. Where is it ?—A. He holds it for me in his name.

Q. Why is it in his name when you purchased it ?—A. Because he procured it, in the first instance, and allowed me to come in and take a portion of it with him. My bank-account shows a payment of \$3,750 on that stock.

By Mr. BURCHARD :

Q. I want to know if these deposits here were made in the identical money which you received from Mr. Abert.—A. Not always.

Q. This deposit of \$3,250 on May 29, was that in the identical money ?—A. Yes.

Q. The \$2,700 on June 5 ?—A. Yes.

Q. The \$800 on July 11 ?—A. I presume that is a part of it.

Q. The \$1,100 on July 12 ?—A. Yes.

Q. The \$2,000 on the 17th, (which you say should be October ?)—A. Yes, that was part of it.

Q. All of these deposits were in the identical money which you received ?—A. Yes.

Q. In the bills which Mr. Abert paid you ?—A. Yes, in the identical bills.

WASHINGTON, D. C., *January 13, 1875.*

H. E. PAINE sworn and examined.

The CHAIRMAN. You may state what you desire to say to the committee.

The WITNESS. Last evening Mr. Hersey called at my residence, and told me that the money with which he had paid certain assessments

on some railroad stock which I had sold to him, or agreed to sell to him, in the fall of 1872, was a part of the money which he had received from Mr. Irwin, or from the Pacific Mail Steamship Company. That was the first intimation or the first suspicion I ever had that that money which Mr. Hersey paid to me on that stock was derived from any such source, and I never knew till yesterday morning that he ever received anything from the Pacific Mail Steamship Company. Now the facts, so far as the purchase of the stock from me is concerned, are these: In the spring of 1872, about a year after I left Congress, a friend of mine called at my office, having come from Texas, where he had been employed in some southern railroad company, and he suggested to me to take some stock in the Texas Railroad Company. I considered it for six months before I finally decided to do it, and in the fall of 1872 I did take some stock in what is known as the California and Texas Railroad Construction Company. When I came to Congress in 1865, I became acquainted with Mr. Hersey, who is from my town and who had been then in his present position three or four years, and a warm friendship sprung up between him and me. In conversation with him I mentioned the fact of my purchase of stock, not in any confidential manner, and I do not suppose that Mr. Hersey means that, so far as that transaction is concerned, there was anything confidential in it. I mentioned to him that I had concluded to take this stock, and he suggested that he should take some, too. I did not advise him to do it, because I thought it might be risky. He decided to take it, and I agreed to sell him \$5,000 of my stock on these terms: He was to pay me the assessments as they fell due, and as they were called for by the company, from time to time; and he did so. They were called usually, I think, at the rate of ten per cent., with quite an interval of time between them. They extended through a pretty considerable part of the fall of 1872, ending some time in 1873. Whatever payments he made to me I gave him a receipt, and he must have these receipts. He paid me seventy-five per cent. in installments on the \$5,000 worth of stock. That is all that was ever paid on it, and it was all I ever paid on mine. I know nothing about the operations of the Pacific Mail Steamship Company at all. I never was employed as an attorney or agent of that company, or in any other capacity. The company never paid me, or undertook to pay me, anything in the way of compensation.

Mr. KASSON. So far as I am concerned, it seems to me that the developments this morning seem to sustain the statement of Mr. Hersey that he retained all the money.

Mr. KELLEY. This explanation of General Paine and Mr. Hersey makes his statement to me last night entirely consistent.

Mr. HERSEY. I did not feel at liberty to bring in General Paine's name here without his consent.

The WITNESS. I was not a member of the Forty-second Congress. I remember that Mr. Hersey, when he left the city once, came to me and said that he wanted to buy a lot, and wished me to examine the title, and left \$1,000 to pay for the lot if I approved of the title. I found the title to be defective, and I returned the money.

WASHINGTON, *January 12, 1875.*

JOHN W. CORSON sworn and examined.

To Mr. BECK. I have here the book of Jay Cooke & Co., formerly bankers in the city of Washington, embracing the transactions of 1872. I was cashier in the firm.

Question. State what entries you find in reference to the passing of two checks of \$50,000 each by the banking-house of Jay Cooke & Co., on or about the 30th May, 1872, drawn by the Brooklyn Trust Company on the Marine National Bank of New York in favor of John B. Schumaker.—Answer. Check No. 192 passed through the house of Jay Cooke & Co., of Washington, on June 3, 1872. I find it entered on the book called the "remittance-book," in which we kept the records of drafts drawn on other cities than our own, which were sent there to our credit. This check, No. 192, drawn by the Brooklyn Trust Company on the Marine National Bank of New York, seems to be the basis of the entry of \$50,000 charged to Jay Cooke & Co., of New York, June 3.

Q. Is it the same in regard to both checks, Nos. 192 and 193?—A. Yes.

Q. Does the book indicate to whom they were paid?—A. From this record I would say that the checks were paid to John G. Schumaker, because it was our custom to have the party for whom we cashed the check indorse it, and our record shows always the last indorser, and the supposition is that he was the party to whom we paid the money. The check has the same record exactly. The only indorser is John G. Schumaker, and I should say that he was the party to whom the money was paid.

Q. Have you any correspondence referring to it?—A. Yes, [referring to the letter-book.] Here is the letter to Jay Cooke & Co., of New York, showing the remittance of a check on the Marine National Bank for \$50,000, and another check of the same kind for \$50,000, and two other inclosures in the same letter in regard to another matter, amounting to \$107,000.

Q. Have you no memorandum-book that shows to whom money was paid that day?—A. No, sir; we never kept a memorandum as to whom we paid money. The check is the evidence of money being paid.

Q. Mr. Schumaker swears that he never saw these checks after he handed them to parties in New York, and I supposed that your books would show something as to who got them cashed. Suppose Mr. Schumaker did not come with this check at all; have you no memorandum to show who did come with it?—A. No, sir.

Q. Suppose he did not come with that check at all, what would be the operation?—A. The transaction having been such a large one, and the check having the identification of H. D. Cooke, by his initials, which was a matter of information between himself and his teller or cashier, it is very probable that whoever presented these checks of Mr. Schumaker's was not known to the teller as Mr. Schumaker.

Q. And, if Schumaker did not present the check, Henry D. Cooke's initials on it were an indication to the teller that he should pay the party who handed the check to him?—A. Yes.

Q. And if the initials were not there, the teller would not have paid it but to John G. Schumaker, or would not have paid it without some identification of the man; is that the fact?—A. Yes.

Q. Is it usual to have such initials on checks?—A. Only for identification. It is merely a matter for information between the principal of the firm and his clerk that the party presenting the check is all right.

Q. And it is never put there except for that purpose?—A. That is the only purpose; simply for identification.

Q. So that if any other person than John G. Schumaker brought it there, and if Mr. Cooke instructed his teller to pay it to that person, that would be the way in which he would do it, by putting his initials in the corner and the teller would obey that?—A. Yes.

By Mr. ROBERTS:

Q. Do your books indicate that the money was paid to some person—that it was a payment of money and not a giving of a draft in exchange? Would not your cash balances on the evening of the 2d of June, and on the 3d of June, indicate to a certainty whether it was paid in cash or not?—A. Certainly.

Q. Look at your books and see.—A. [After referring to the books.] The books show that it was not paid in cash. I find that on the 3d of June, 1872, a certificate of deposit for \$90,000 was issued to John G. Schumaker. That is the same day that the two checks passed through the bank.

Q. Repeat that statement.—A. The individual journal shows that a certificate of deposit, No. 2315, was issued on June the 3d in favor of John G. Schumaker, for \$90,000. Our certificate was drawn in a form so that it might have been that John G. Schumaker had deposited the money and that it had gone to somebody else's credit, but I think it was drawn to his order.

Q. Has not the certificate been paid?—A. Yes.

Q. Where is it?—A. In Philadelphia, with the trustee.

By the CHAIRMAN:

Q. That accounts for \$90,000 of the amount. What became of the other \$10,000?—A. I presume the other \$10,000 was paid in cash, as it appears that it has not been placed to anybody's credit.

Q. Do your cash payments of that day show a payment of \$10,000?—A. It is impossible to tell that.

Q. Where are the stubs of the certificate-book?—A. In Philadelphia. And if the certificate has been paid, it is also in Philadelphia.

Q. Look and see whether the certificate has been paid.—A. [Referring to the book.] It was paid on June the 5th. It is simply charged "Certificate of deposit, John G. Schumaker, \$90,000, June 3."

By Mr. ROBERTS:

Q. Would not that entry show that that certificate was indorsed by Mr. Schumaker?—A. Yes.

Q. The other entry would show simply that it was issued to his order?—A. Yes.

Q. This entry would show that it was actually indorsed by him?—A. Yes, sir; it was drawn to his order. The certificate will show that.

Q. Does not this entry show that it was drawn to his order?—A. No, sir. The certificate might be drawn in favor of John G. Schumaker to somebody else's order.

By Mr. BECK:

Q. Look at the entries on the 5th of June, when the certificate was paid?—A. I find that there is another certificate, No. 2321, for \$60,000, issued to John G. Schumaker on June 5, the day that the \$90,000 was paid.

Q. Does the book show how the balance of the \$90,000 was paid?—A. No; but I presume that it was paid in cash. That is a mere suspicion.

Q. There is no entry there that shows that the other \$30,000 was credited to any one?—A. No, sir; I do not notice any large credit that day, with one exception, and that is the account of a gentleman whom I know, and which has nothing to do with this matter.

By Mr. KASSON :

Q. Will you trace these two checks for \$50,000 each to the end, in all their forms, and give us an abstract of it?—A. On June 7 this certificate of \$60,000 was paid. The entry is charged "Certificate of deposit, John G. Schumaker, June 5, (meaning date of issue,) \$60,000."

Q. Does that entry show whether it was paid by money or by check?—A. It does not, but this simple charge, I think, would mean cash.

Q. Would not the cash-book show whether it was paid in cash?—A. No, sir; our cash-book would simply show our cash on hand, coin, currency, bills receivable, checks, &c., that we carried on that day.

Q. But these two certificates of deposit, the first for \$90,000 and the second for \$60,000, if they were given to any one else than John G. Schumaker, would have to have some indorsement on them?—A. Yes; the certificates will show for themselves.

By Mr. ROBERTS :

Q. This certificate of \$60,000 seems to have been issued on account of the \$90,000 certificate?—A. Yes; I think there can be no doubt about that at all.

Q. State whether or not, if the first certificate had been issued to some one else than Schumaker, the second certificate would have been likely to appear in his name. Does the fact that the second certificate was issued in his name indicate that the first was also?—A. Yes, sir.

By the CHAIRMAN:

Q. If the first certificate had passed into another man's hands and he had come to your bank to get that changed into a new certificate of \$60,000 and cash, would not that transaction appear in the name of the man who brought it there?—A. Yes; unless he requested it to be made out in Mr. Schumaker's name.

A. It would ordinarily appear in the name of the man who presented it to you?—A. Yes.

Q. If it does not appear in his name it is because of some special and unusual request—I mean out of the ordinary course of business?—A. Yes; it was usual to issue the certificate to the party who presented the money or its equivalent.

Q. So that that last entry on the books indicates, so far as the books are concerned, that the certificate of \$90,000 was presented by Mr. Schumaker for that purpose?—A. Yes, sir; so far as the books indicate, certainly.

By Mr. KELLEY :

Q. Would it be legitimate to draw an order on the account of Mr. Schumaker, but payable to Mr. Schumaker, by direction of anybody else than Mr. Schumaker?—A. Yes; it could be done, just the same as a draft might be drawn to the order of anybody else.

Q. But could you draw an order on my account, if I had one, in favor of somebody else, on the instruction of that person?—A. No, sir.

Q. Then could anybody else but Mr. Schumaker have ordered you to draw a draft on his account for \$60,000?—A. No, sir. We would not consider this exactly in the light of an account which Mr. Schumaker could draw upon. On having the certificate changed, he would have to present that certificate, indorse it, and have it renewed and reduced. In this case it was reduced to \$60,000.

Q. But no third person could have it done unless he held that certificate or draft, indorsed by Mr. Schumaker?—A. No, sir.

By Mr. BECK:

Q. Mr. Schumaker has sworn here that he never was at your bank, and had nothing to do with these checks. If Henry D. Cooke wanted these original checks paid to anybody else, than John G. Schumaker, his initials in the corner would have authorized his paying-teller to pay them?—A. Yes.

Q. Then, if Mr. Cooke desired to keep the transaction up in the name of Mr. Schumaker, would not similar marks on subsequent transactions have authorized it, so as to keep the matter in the same way, clear through to the close?—A. No, sir; not necessarily, at all.

Q. But suppose that Mr. Schumaker was not at your bank at all, and did not get either the \$90,000 or the \$60,000 certificate, could not Mr. Cooke, as manager, by his authority, (by putting his initials in the corner,) have kept the account in the same name?—A. Not if the certificate was drawn to Mr. Schumaker's order. That would necessitate his indorsement.

Q. But might it not be that there was a memorandum kept on your books to indicate that they were drafts relating to the original transaction?—A. I cannot say. They will show for themselves.

By Mr. BURCHARD:

Q. From your knowledge of the business of the bank, and from the entries on the books, state how these checks, Nos. 192 and 193, were paid, in your judgment. Give the history of them according to the books.—A. I should say that these two checks for \$50,000 each were presented by Mr. John G. Schumaker, and that there was a certificate issued for \$90,000, and \$10,000 paid in cash. Afterwards this \$90,000 certificate was returned, was surrendered, and a new certificate issued to the same party, John G. Schumaker, for \$60,000; and afterward that certificate was returned and cashed for \$60,000. That seems to be the end of it, so far as it can be traced through the journal.

By Mr. WALDRON:

Q. Who was the paying-teller of Jay Cooke & Co. at that time?—A. We had no regularly appointed teller at that time. A gentleman named Sherman was acting teller at that time.

Q. Whose business was it to draw certificates of deposit?—A. It was the business of the receiving-teller.

Q. Who was he?—A. Mr. Joseph W. Barton, I believe.

Q. Where does he reside?—A. He resides in Washington now. It was customary, however, for any of us to draw certificates.

Q. Has the examination of the books refreshed your recollection of the transaction?—A. Not a particle. I have no recollection of the transaction at all. I do recollect something about large certificates going on the books at that time.

Q. Look at the certificate of deposit issued by the National Park Bank, payable to the order of William S. King, and state whether that passed through the house of Jay Cooke & Co.?—A. [After examining it in connection with the book.] Yes. It is a certificate for \$5,000, drawn on the 30th of May, 1872, and numbered 2551.

Q. Read the indorsement on it.—A. [Reading.] "Pay John H. Rice or order. W. S. King. John H. Rice. Pay to the order of Jay Cooke & Co., New York. Jay Cooke & Co., Washington, D. C., per W. M. Tenney. For deposit to the credit of Jay Cooke & Co., New York, per Vorce." I think it was cashed. It does not appear to have been credited to any one on that day.

Q. On what day was it cashed?—A. June 3, 1872.

Q. Read the entries in reference to it.—A. [Reading from the remittance-book, under date of June 3, 1872.] "Charge Jay Cooke & Co., New York, certificate of deposit, No. 2551, dated May 30, 1872, drawn on the Park National Bank, New York, indorsed by John H. Rice, \$5,000." That was a cash item. In other words, we sent it on for credit.

Q. You would state from this entry that on the 3d of June this certificate of deposit was by you cashed in favor of the last indorser, John H. Rice?—A. Yes, sir; it was not placed to the credit of any one.

By Mr. BECK:

Q. Did William S. King have, in 1872, an account with the bank of Jay Cooke & Co.?—A. I think he had, but I cannot tell without looking at the ledger. The individual ledger is not here.

Witness appeared again before the committee on the 13th of January, 1875, and his examination was continued, as follows:

By the CHAIRMAN:

Q. What books have you received from the receiver of Jay Cooke & Co., since you were before the committee yesterday?—A. I received, this morning, the stub of the certificate of deposit book which was in use on June 3, 1872, and also two certificates of deposit which were in question yesterday, also the individual ledger in use at that time.

Q. State what the certificates of deposit are.—A. The first certificate is No. 2315, which reads as follows:

"JAY COOKE & CO., BANKERS,
" Washington, D. C., June 3, 1872.

" John G. Schumaker has deposited with us \$90,000 to the credit of himself, subject to his order and the return of the certificate.

"\$90,000.]

JAY COOKE & CO.,
"Per W. M. TENNEY."

It is indorsed "John G. Schumaker."

Q. Do you know Mr. Schumaker's handwriting?—A. No, sir; I do not.

Q. Is there any other indorsement on it?—A. No, sir; no other.

Q. There is a memorandum in pencil, "\$30,000, paid 6, 5, '72." In whose handwriting is that memorandum?—A. I think it is in the handwriting of Mr. Tenney.

Q. Read the next certificate of deposit.—A. This is certificate No. 2321. It reads:

"JAY COOKE & CO., BANKERS,
" Washington, D. C., June 5, 1872.

"John G. Schumaker has deposited with us \$60,000 to the credit of himself, subject to his order and the return of the certificate.

"\$60,000.]

JAY COOKE & CO.,
"Per W. M. TENNEY."

I see on the face of it the hand-stamp, "Jay Cooke & Co., June 7, 1872, Washington, D. C."

By Mr. BECK:

Q. Does that mean that it was paid on that day?—A. Yes, sir. On the back of it is, "Received \$15,000 on the within, June 6, 1872, J. G. Schumaker." Then there seems to be a memorandum which says, "Balance \$45,000, paid June 7, 1872;" and then an indorsement, "John G. Schumaker."

Q. Have you the stubs of the certificates?—A. Yes, [producing them.] The first stub reads, No. 2315, 6, 3, '72, (meaning June 3, 1872,) deposited by John G. Schumaker, credited to ———, \$90,000. The next is, No. 2321, 6, 5, '72, (meaning June 5, 1872,) deposited by J. G. Schumaker, credited to ———, \$60,000.

By Mr. ROBERTS :

Q. The certificates show that the deposits in both cases were to his own credit?—A. Yes, sir; they both read subject to his order.

Q. As to this second indorsement, "John G. Schumaker," do you connect that at all with the memorandum "Balance \$45,000, paid June 7, 1872?"—A. No, sir; I do not connect them.

Q. It may have been indorsed and that sum paid to some one else, so far as the certificate shows?—A. The first one is a receipt, I think; the second one is an indorsement on the surrender of the certificate.

Q. That is just what I want to make clear; whether you understand the second indorsement to be connected with the payment of \$45,000, and to show that that sum was paid to Mr. Schumaker, so far as the certificate shows.—A. Yes. That memorandum is in the handwriting of Mr. Tenney, and, I think, it is simply a memorandum for information.

By Mr. BURCHARD :

Q. In whose handwriting is the certificate filled up?—A. In the handwriting of John Sherman, jr. I recognize his handwriting.

Q. There is a pencil-memorandum on the face of one of these certificates; read it, and state in whose handwriting it is.—A. It is a pencil-memorandum in figures, \$45,000; below that is \$15,000, paid. That seems to be added, and makes a total of \$60,000, paid. I think the writing is Mr. Tenney's.

Q. Compare the indorsement of John G. Schumaker on the certificates which you hold in your hand with the indorsements on this check drawn by the Brooklyn Trust Company on the Marine National Bank of New York, and state whether or not they are in the same handwriting.—A. [After comparing them.] Yes, sir, I would take them to be the same.

By the CHAIRMAN :

Q. Turn to the individual ledger and see what that shows in reference to these papers.—A. Nothing whatever.

Q. Is there anything further about them on any of your books?—A. Not in relation to these certificates.

Q. Do you find on the books anything pertaining to this deposit further than you have testified to?—A. No, sir; I have not made a very careful examination.

Q. Do you find anything in relation to the disbursement of it beyond what you have testified?—A. No, sir; I do not.

Q. Have you looked at the entries under the dates of those payments?—A. Only yesterday.

Q. You have not looked since you received these papers this morning?—A. No, sir.

Q. Be kind enough to examine further and see if these books throw any light on the disbursement of the proceeds of these certificates?—A. I will do so.

By Mr. BURCHARD :

Q. State whether you have examined to see whether William S. King had an account with Jay Cooke & Co.?—A. [Examining the ledger.] I

find the name of W. S. King on the ledger, and I take that to be Mr. William S. King's account.

Q. When did his account commence and when close, if closed in that ledger?—A. It seems to have been commenced on February 10, 1871, and to have been closed on this ledger on April 22, 1872, and transferred to another ledger, ledger 7.

By Mr. BECK:

Q. In whose handwriting is the memorandum on the \$60,000 certificate of deposit, "Received \$15,000?"—A. I think that that is in Mr. Tenney's handwriting.

Q. In whose handwriting is this "\$45,000, June 7?"—A. That is Mr. Tenney's without any doubt.

Q. Where is Mr. Tenney?—A. In Corning, Adams County, Iowa.

Q. Where is Mr. John Sherman, jr.?—A. In this room.

Q. He is the gentleman who filled up these certificates?—A. Yes, sir.

Q. Who was the paying-teller of Jay Cooke & Co. at that time?—A. There was no paying-teller at the time, but Mr. Sherman was acting.

Q. Were there not two separate establishments in that house, Jay Cooke & Co. down-stairs and the First National Bank up-stairs?—A. Yes, sir.

Q. Were they connected in any way in general business?—A. No, sir; their transactions were entirely separate; as much so as those of any two banking-houses could possibly be.

WASHINGTON, *January 13, 1875.*

JOHN SHERMAN, JR., sworn and examined.

By Mr. BECK:

Question. What was your business in June, 1872?—Answer. I was paying-teller for Jay Cooke & Co.

Q. Examine this certificate of deposit for \$90,000, dated June 3, 1872, and tell us who filled it up, and all you know about it.—A. I drew this up.

Q. Who directed you to draw it up?—A. I do not recollect, but I am under the impression that Mr. Tenney, the cashier, did.

Q. What did you do with it after you drew it up?—A. I believe I gave it to him.

Q. Did you see Mr. Schumaker there that day?—A. I do not recollect seeing Mr. Schumaker or knowing him at all.

Q. Do you recollect anything about the paper except the fact that it is filled up in your handwriting?—A. That is all.

Q. In whose handwriting are these pencil-marks on the back of it, "30,000 paid 6, 5, '72?"—A. That is Mr. Tenney's handwriting.

Q. Do you recollect whom that money was paid to?—A. No, sir; I do not.

Q. Can you refresh your recollection in any way by looking at the books?—A. I cannot tell you whether I paid it in cash or not, [referring to the cash-book, and examining it under date of June 5.] I charged that \$90,000, as being paid by \$30,000 cash and the balance, \$60,000, in another certificate.

Q. Have you any recollection at all of that transaction?—A. No, sir.

Q. Whose handwriting is this in? [handing stub of certificate to witness.]—A. It is in my handwriting.

Q. In whose handwriting is this indorsement: "\$15,000 paid, \$45,000.

\$60,000. Received \$15,000 June 6, 1872?"—A. I should judge it is Mr. Tenney's handwriting.

Q. The "balance, \$45,000; paid June 7th?"—A. I should think that is in Mr. Tenney's handwriting.

Q. And the pencil figures are also Mr. Tenney's?—A. Yes.

Q. You were paying-teller also on the 7th of June when this money was paid out?—A. I was.

Q. Do you recollect anything of the transaction?—A. I do not.

Q. Look at your cash-book for the 7th, and see what your entries show?—A. [After referring to the book.] There is a charge of \$60,000 paid out on that day.

Q. Do you recollect any one connected with this transaction in any form except what the writing shows?—A. I do not.

Q. Do you recollect two checks on the Marine National Bank, both dated May 30, 1872, for \$50,000 each, coming before you?—A. I do not.

Q. I see the initials H. D. C. on the corner of each of these checks, [handing them to witness.] Would these checks come to you?—A. Yes, they would come to me.

Q. Do you recollect whether they were presented by John G. Schumaker in person or by some one else?—A. I do not know Mr. Schumaker in person. These initials, H. D. C., are all my instructions.

Q. They would have authorized you to pay the amount to anybody who brought checks to you with those initials, without any other indorsement?—A. They would have to be indorsed by John G. Schumaker; but anybody else might bring them, and these initials on the checks would authorize me to pay him.

Q. These two checks, you think, were paid by the payment of \$10,000 in cash and the issue of this \$90,000 certificate of deposit?—A. I should think so.

By the CHAIRMAN:

Q. If they were not so settled, would not the \$10,000 cash appear somewhere else on your books?—A. If the cash were not paid out, it should appear.

Q. If, instead of paying out the cash, they had been settled in some other way, that must appear upon your books?—A. That should appear on the books in some shape.

Q. If it does not appear upon the books, I understand the reason to be that the certificate of deposit and cash you called the same thing. Is that so?—A. Cash and certificates of deposit are both put to the cash-account.

Q. And the certificate of \$90,000 and the \$10,000 in cash would stand the same on your books—as \$100,000 cash?—A. Yes.

Q. But if the \$10,000 had been paid in any other way than cash, the fact must appear upon your books in order to make your books balance?—A. Yes; that would appear on our books.

By Mr. FOSTER:

Q. Was it the habit of your bank to make indorsements on certificates of deposit; I mean memorandums of payments?—A. No, it was not the rule.

Q. There are exceptions, I suppose, and sometimes these memorandums are made?—A. Yes.

Q. It is quite exceptional, is it not, to do so?—A. Yes, it is.

Q. It is a rare thing?—A. Very rare.

By Mr. WALDRON:

Q. When a certificate is paid in part, of course you indorse the amount that is paid?—A. No; it is our custom to take up the old certificate and to issue a new one, paying the difference in cash or some other way.

Adjourned to January 14.

WASHINGTON, D. C., *January 14, 1875.*

C. C. CHAFFEE sworn and examined.

By Mr. ROBERTS:

Question. What is your profession?—Answer. I am a physician.

Q. Were you in Washington during the winter and spring of 1872?—

A. I was.

Q. Did you favor the Pacific Mail subsidy?—A. I do not know whether I did or not. I do not recollect having any discussion on the subject with any one.

Q. Were you in any way employed by the company?—A. I was not.

Q. Or by any agent of the company?—A. I was not.

Q. Did you take any part in advocating the subsidy?—A. I did not.

Q. Did you receive from the company any sum in connection with that subsidy?—A. I did not.

Q. Did you know of anybody being employed by the company in connection with that subsidy?—A. I know one man who told me that he was employed.

Q. Who was he?—A. Governor Randall, a former Postmaster-General.

Q. Did you know of any other person?—A. I did not.

Q. Did you seek to influence in any way the action of any member of Congress in connection with that measure?—A. I did not.

Q. Do you know of the disbursement of any money in connection with the subsidy?—A. I do not. Governor Randall told me that he had received money after the passage of the subsidy.

Q. How much?—A. \$6,000.

Q. Do you know any other person who received any money?—A. I do not.

Q. Had you any interest in any way with Governor Randall?—A. None whatever.

Q. Did you assist him in any way in the matter?—A. None at all.

Q. Did you have any connection with the money which he received?—A. None whatever.

Q. As a loan, or otherwise?—A. None whatever.

Mr. BECK. What were you summoned here for?

The WITNESS. I do not know.

The CHAIRMAN. I was told by a gentleman that there was a rumor that Dr. Chaffee had received a portion of that money, and I thought it better to call him.

Mr. ROBERTS. That rumor came to me, and I thought that if the rumor was not correct the doctor should have the benefit of correcting it; and that if it was, the committee should have the benefit of his testimony.

WASHINGTON, D. C., *January 14, 1875.*

GARDNER C. HUBBARD sworn and examined.

By Mr. KASSON:

Question. Were you in Washington during the spring and summer of 1872?—Answer. I was.

Q. In what capacity?—A. Advocating the postal telegraph.

Q. Were you at that time employed as agent or attorney of the Pacific Mail Steamship Company?—A. I was not.

Q. Did you render the company any aid in procuring its subsidy?—A. I did.

Q. But you were not employed?—A. I was not employed.

Q. You rendered the aid voluntarily?—A. Yes.

Q. Did you receive any money from the company, or from any officer or agent of the company?—A. I did not.

Q. Were you associated with any attorney or agent of the company who did receive money?—A. To my knowledge, I was not. Mr. Irwin was a friend of mine, and I saw a good deal of him.

Q. But you were not paid for any services you rendered?—A. I was not.

Q. Nor were you subsequently paid?—A. No, sir.

Q. Do you know of any money being paid at that time to any person connected with Congress, as member, officer, or employé?—A. I do not.

Q. Did you know of any money being disbursed at that time?—A. I did not.

Q. You received none yourself to be paid to anybody else?—A. I did not.

Q. What moved you to act in the matter?—A. I was in California in the fall of 1869, visiting a brother of mine, who was then an officer of the Pacific Mail Steamship Company in California. I there met with Mr. Irwin, and received much attention from him, and from other officers of the company. I believed that the subsidy was a very important matter for the welfare of the Pacific coast and of the country, and therefore, as I met with gentlemen, I stated to them my views as to the importance of the subsidy.

Q. There was no consideration of any kind to be received by you either pecuniarily or otherwise?—A. None at all. I do not think that any gentleman connected with it even aided the postal telegraph for what I had done.

By Mr. ROBERTS:

Q. Did you receive any gratuity from the company, or any officer of the company?—A. I did not.

Q. Did you then, or at any time subsequently, have any reason to expect that you would receive any gratuity for these services?—A. I should not have been surprised if I had received some, but I did not receive any, and had no reason to expect any.

Q. Have you any reason now to expect any gratuity for those services?—A. Not the slightest; of course not. When I found out how much money was expended, I was very much surprised that I did not receive any.

By Mr. BECK:

Q. Whatever you have learned since, you have learned as counsel?—A. Yes; I have been retained within the last few weeks as counsel for Mr. Irwin.

WASHINGTON, D. C., *January 14, 1875.*

JAMES G. BERRET sworn and examined.

By the CHAIRMAN:

Question. State your residence and occupation.—Answer. I reside in Washington, D. C. I am a lawyer by profession.

Q. Were you in Washington during the summer and spring of 1872?
—A. I was.

Q. Have you any knowledge of the pendency of what is called the Pacific Mail subsidy in the Post-Office appropriation bill of that year?
—A. I have.

Q. Did you do anything in connection with it?—A. I did.

Q. What did you do?—A. As counsel for Mr. Irwin, by whom I had been employed, I presented to gentlemen with whom I had familiar acquaintance, the strong points of the case, believing it to be a measure of public importance.

Q. Were you counsel in the matter?—A. I was.

Q. When were you retained?—A. I cannot give the exact date, but it was immediately after the first defeat of the measure in the popular branch of Congress.

Q. How long did you serve the company or Mr. Irwin?—A. I suppose five or six weeks. I was occupied in the discussion of the measure before the two branches of Congress. It finally became a law.

Q. Was any money put in your hands by any party?—A. I received, on being employed, a retaining-fee of \$1,000 from Mr. Irwin.

Q. Was any other money put in your hands?—A. I received, subsequently to the passage of the bill, from Mr. Abert, \$8,500; \$7,000 at one time and \$1,500 at another time.

Q. Was that all that you received?—A. That was all. I was the bearer of a check for \$500 from Mr. Irwin to Mr. Sam Ward.

Q. In addition to that other sum?—A. In addition, making the aggregate sum which passed through my hands, directly and indirectly, just \$10,000.

Q. What was done with that \$10,000?—A. I gave \$3,500 to Mr. Sam Ward.

Q. Besides the \$500?—A. Yes; besides the \$500. The balance of the sum in my hands which I received I shared with a brother of mine, Mr. Joseph H. Berret, of New York, who was here on a visit with me at the time. He rendered me assistance in the matter, acting under my directions.

Q. What services did he render?—A. Simply to make inquiries as to the condition of the bill before Congress.

Q. Make inquiries where?—A. I presume of members of Congress.

Q. What knowledge did you have of his services?—A. He would report to me from time to time the condition of the bill in the House or Senate, as the case might be.

Q. Did he report to you from whom he had made inquiries?—A. He made no special report, but in general terms he informed me whether the bill was likely or not likely to pass.

Q. He expressed no opinion?—A. Yes; he expressed a decided opinion that the measure would be adopted by Congress.

Q. How much did you give him for expressing that opinion?—A. I shared with him equally the fee that I had received.

Q. How often did he express his opinion at the time?—A. I cannot recollect?

Q. More than once?—A. I should think more than once.

Q. Have you any knowledge of his expressing his opinion more than once?—A. I think more than once, certainly.

Q. Do you think about twice?—A. Possibly more than that, because I felt an interest in the measure on his account as well as on my own.

Q. Did anybody else express an opinion to you?—A. No; I do not recollect to have inquired of anybody else.

Q. Did you not as his counsel make inquiries of people?—A. I frequently talked on the subject to members of Congress, and in doing so I presented what I considered to be a strong point in favor of the case.

Q. To whom did you express your opinion?—A. To a good many members of Congress.

Q. Did you not report to Mr. Irwin your opinion?—A. I did.

Q. Your brother expressed his opinion to you, and you expressed yours to Mr. Irwin; is that it?—A. That is it. I became satisfied very soon after my employment that the measure would become a law.

Q. What led you to that conclusion so soon after you were employed?—A. The measure so entirely commended itself to my own judgment as a measure of public importance.

Q. Did that conviction dawn on you suddenly?—A. No. I have been very familiar with the subject of the Pacific Mail Steamship Company.

Q. You had a conviction on that point before you were retained?—A. Before I was retained I thought it ought to pass, and that it would pass if properly presented to the consideration of Congress.

Q. Tell us how you presented it to members of Congress?—A. I presented it in this way: that Congress had already granted to this line a subsidy for a monthly mail; that the testimony of the officers of the Government who had a right to speak on the subject was that the subsidy thus paid was more than returned in the shape of impost-duties, arising out of the trade which that line developed with China and Japan; and that in view of the fact that the President had, on three or four occasions, commended the measure to the favorable consideration of Congress, as also two Postmasters-General, and I believe the Secretary of the Treasury, Mr. Boutwell, on one occasion, and on my own personal observation, (having always felt an interest in the line from the day of its inauguration,) I believed it to be one of those measures which best commends themselves to the favorable consideration of Congress.

Q. You presented it to members in that way?—A. I think in that view.

Q. To what members?—A. I think I presented it to Governor Swann.

Q. You obtained this money at two different times?—A. At three different times.

Q. From whom did you get the last installment?—A. I got the \$7,000 and the \$1,500 from Mr. Abert. I got the \$7,000 at one time and the \$1,500 at another.

Q. How long after you got the \$7,000 was it that you got the \$1,500.—A. It was a very short time.

Q. Why did you not get it all at once?—A. Because Mr. Abert was not authorized to pay me more than \$7,000.

Q. And you claimed \$1,500 more?—A. I said that I expected more; that the compensation was not adequate in view of the fact that I had to divide it between Mr. Ward and my brother; I thought it a small fee for such important services.

Q. How long after you got the \$7,000 was it that you got the \$1,500?—A. It may have been a month.

Q. Where was Mr. Abert when you got the \$1,500?—A. I really cannot recollect whether he called at my office, or whether I casually met him on the street.

Q. Did he tell you how he had got new authority while Mr. Irwin was on his way to the Pacific coast?—A. He did not. It may have been much longer than the time I have mentioned.

Q. Was it long enough for him to get a return from the Pacific coast?—A. It may have been.

Q. The \$500 check which you got from Mr. Ward, when did you get that?—A. That check was a retainer for Mr. Ward. He got it at the date of his employment.

Q. What was the date of your employment?—A. A day or two afterwards.

Q. Did you procure the retainer for Mr. Ward?—A. I was invited by Mr. Irwin to consult with Mr. Ward on the subject, and see if he could be retained. It was at my suggestion that Mr. Ward was employed.

Q. And you obtained the check for him?—A. I did.

Q. And then you got \$7,000 and you divided that with Mr. Ward?—A. I did.

Q. Then you got \$1,500; did you divide that with him?—A. No; I divided that with my brother. The object was to equalize the three fees, as near as possible. Mr. Ward had received \$4,000.

Q. Did Mr. Irwin know that you had employed your brother to express his opinion?—A. No; I think not. I employed him on my own account. He was here at the time, I guess.

Q. Were you authorized by Mr. Irwin to employ associates?—A. No, sir.

Q. Did you tell Mr. Abert that you did employ your brother, and must have more money?—A. No, sir.

Q. On what representation to Mr. Abert did you get \$1,500 more?—A. I represented to Mr. Abert at the time that he paid the \$7,000 that that was a very inadequate sum, in view of the fact that Mr. Ward was to have the half of it. Mr. Ward was entitled, in fact, under the original arrangement, to \$5,000. When Mr. Ward was informed by me of the amount, we agreed to divide.

Q. You had received \$1,000 retainer; when you got the \$1,500, why did you not divide that with Mr. Ward?—A. I divided the \$1,000 with my brother also. Mr. Ward was employed at my suggestion, but there was no partnership understanding.

Q. You felt that you were at liberty to take this money and give it to your brother instead of Mr. Ward?—A. Certainly, I did.

Q. And Mr. Ward acquiesced in the agreement?—A. Mr. Ward was not consulted about it; he had received his compensation.

Q. You do not mean to say that it was without his consent?—A. I do.

By Mr. BURCHARD:

Q. Are you an attorney at law?—A. I am.

Q. Are you a member of the Washington bar?—A. Yes.

Q. Are you practicing here?—A. I do not practice at the bar.

Q. Is your brother an attorney at law?—A. No.

Q. Is Mr. Ward?—A. I think not.

Q. Did you convince Governor Swann when you presented your argument to him?—A. No; Governor Swann was already convinced.

Q. Then you did not earn anything in that transaction?—A. I found Governor Swann taking a broad, statesmanlike view of the subject.

Q. Was this argument before the final passage of the bill?—A. Yes.

By Mr. KASSON :

Q. The aggregate of all the sums received by you was \$10,000?—A. Yes.

Q. That sum went in distribution; \$4,000 to Ward, \$3,000 to your brother, and \$3,000 to yourself?—A. That was it.

Q. And, as far as you know, it was retained by you three gentlemen for your own use exclusively?—A. I have no doubt about it—not the slightest.

Q. Do you know from your relations to this subsidy matter of any sums of money being paid to any persons other than you three?—A. I certainly do not.

By Mr. WOOD :

Q. You never had any disguise about your relation with the Pacific Mail Steamship Company at that time?—A. Not the slightest. There never was a moment when I would hesitate to make it known.

Q. It was well known by your friends that you were retained by the company?—A. I cannot say that it was. When I am retained on any professional matter I do not generally speak of it.

Q. But there was no secret about it?—A. There certainly was not.

Q. You were acting as you would act in any other case in court or anywhere else?—A. Certainly, I was.

By Mr. ROBERTS :

Q. You spoke to a number of members of Congress about that matter. Did any of them understand that you appeared as the paid attorney of the company?—A. Not unless they judged from my manner.

Q. They had no intimation that you appeared as an attorney?—A. Not to my knowledge.

Q. Such public topics are very often talked about by persons who are not retained; you talk about public matters in which you are not retained?—A. I do. This was a public matter, and really, even if I had not been retained, I would have spoken precisely as I did.

Q. Then there was no reason why any gentleman to whom you spoke should have assumed that you were a paid attorney?—A. No; I think not.

Q. At the time you were so acting in behalf of the subsidy, were you proprietor of the Patriot in the city of Washington?—A. I was not.

Q. Did you hold any stock in the concern?—A. I had stock in it up to the period of its dissolution. I do not know whether the paper was in existence at that time or not; I think it suspended shortly after the last presidential election.

Q. You were a stockholder during the continuance of the Patriot?—A. I was.

Q. Was this money paid to you in order to influence that newspaper in any way?—A. Most undoubtedly not.

Q. Did you, during the pendency of the matter, secure the publication of any articles in that paper?—A. I did not.

Q. So that this payment, whatever it was, was not in connection with that paper?—A. Certainly not; my connection with the matter was purely professional.

WASHINGTON, D. C., *January 15, 1875.*

SAMUEL WARD sworn and examined.

By Mr. KASSON:

Question. I suppose you were summoned in consequence of your name having been associated in connection with the distribution of money for the Pacific Mail subsidy?—Answer. I received a subpoena about an hour ago, particulars not specified.

Q. Therefore the committee desires you to state how much money you received in connection with the Pacific Mail subsidy.—A. I think it was after the first failure of the measure in the House that Mr. Berret called at my rooms one afternoon, and said that he had been requested to see if I would accept a retainer to help this subsidy along. I asked him how much? He said five hundred dollars, and five thousand contingent on success. I said, "All right." He sent to me that afternoon or next morning a check for five hundred dollars, signed by a gentleman I had never seen, Mr. R. B. Irwin, and some days after Congress adjourned I was agreeably waited upon by Mr. Berret, who said to me: "They have cut us down three thousand dollars, and there is seven thousand dollars paid; shall we insist on more?" I said, "No; let us take what we can get. It is all right." He handed me \$3,500 in bills, and I went to New York that same night.

Q. I suppose it is unnecessary to ask you if you retained all that sum and applied it to your own use.—A. I did; I must say that it was a very liberal compensation for the moderate amount of work which that subsidy seemed to require.

Q. State the nature of the services rendered by you.—A. Simply stating on all occasions, where it was proper to do so, that I was in favor of the measure; that I thought it a good measure. I had a right to say that, because, as an old Californian, having sailed often on those steamers, I had a sort of friendship for them. I thought well of the line; I thought that it was a national undertaking; that our ship-building was going to the dogs, and that if those ships were to be built in this country it would give an impetus to iron ship-building. I thought that a subsidy to the Pacific Mail Steamship Company was a proper thing, particularly as the Cunard Steamship Company had a subsidy from the English government, and had attained a colossal success. I wanted to see the American flag flying again on the seas, and I would have helped the Pacific Mail Company without one penny of compensation.

Q. You used all your influence to secure the passage of the subsidy?—A. Certainly. There was not much time to act; only a fortnight, I think. I was rather agreeably surprised at being retained, because that clinched my determination to do what I could for what I regarded as a great national enterprise.

Q. Do you know of any other sum of money being paid to any parties for their services in procuring that subsidy?—A. I never heard of any, and, until I was surprised the other day by Mr. Abert's list, which I saw in the *Star*, I never knew who was in the combination. I did not know there was any combination, except that I found that people generally were very favorably inclined toward the bill. I did not know Mr. Abert. I had never seen him to my knowledge. I never saw Mr. Irwin till the day the vote was taken, when I saw a pale man standing around this corner, and was told it was Mr. Irwin.

Q. My question was if you knew of any sum of money being paid directly or indirectly, in connection with the subsidy.—A. Not a penny;

I might have been at liberty to suppose that the whole thing was confined to Mr. Berret and myself.

Q. The \$500 which you received was paid by check?—A. Yes; payable to my order on the Metropolitan National Bank of this city.

Q. Do you know of any money being paid to any member, officer, or employé of either House of Congress in connection with that subsidy?—

A. No, sir.

Mr. BECK. I have heard it suggested that you had remarked that there was a great deal of difficulty in a gentleman living in Washington on the oxygen of the atmosphere, and that a gentleman was obliged to do something.

WITNESS. This business of lobbying, as it is called, is as precarious as fishing in the Hebrides. You get all ready, your boats go out—suddenly there comes a storm, and away you are driven. Everybody who knows anything about Washington, knows that ten times, ay, fifty times, more measures are lost than are carried; but once in a while a pleasant little windfall of this kind recompenses us, who are always toiling here, for the disappointments of the session. I am not at all ashamed—I do not say that I am proud, but I am not at all ashamed—of the occupation. It is a very useful one. In England it is a separate branch of the legal profession. There they have parliamentary lawyers who do no other business. There the committees sit all day to hear these lawyers and they sit in Parliament all night, whereas here committees are only allowed to sit for an hour and a half, and so it is very hard to get through four thousand bills in a session. The disappointments are much more numerous than the successes. I have had many a very pleasant “contingent” knocked away, [laughter,] when everything appeared prosperous and certain, and I would not insure any bill if I were paid fifty per cent. to secure its passage. That is the general rule. In this matter I think that the gentleman (Mr. Irwin) paid more money than he need have paid.

Mr. NIBLACK. And he distributed it rather badly.

WITNESS. I am satisfied with what I got.

Mr. NIBLACK. You got much less than others got?

The WITNESS. I do not know. I was retained, I suppose, because the “King’s name is a tower of strength,” and I am called the “King of the lobby.” But I am not the treasurer of the lobby, that is certain. If you were here for entertainment, I could entertain you with histories of well-concerted plans which all disappeared just at the crack of one member’s whip; perhaps a matter of caprice, perhaps a matter of accident; you cannot tell which. We who are of the regular army know when we are whipped. But gentlemen of little experience come down here, and peg on and peg on till the end of the session, and never understand when they had better go home. To introduce a bill properly, to have it referred to the proper committee, to see that some member in that committee understands its merits, to attend to it, to watch it, to have a counsel to go and advocate it before the committee, to see that members of the committee do not oversleep themselves on the mornings of important meetings, to watch the coming in of the bill in Congress day after day, week after week, to have your men on hand a dozen times, and to have them as often disappointed; to have one of those storms which spring up in the Adriatic of Congress, until your men are worried and worn and tired, and until they say to themselves that they will not go up to the Capitol to-day, and then to have the bird suddenly flushed, and all your preparations brought to naught—these are some of the experiences of the lobby. Another point—the question of entertainments

—is spoken of. There is nothing in the world so excellent as entertainments of a refined order. Talleyrand says that diplomacy is assisted by good dinners, but at good dinners people do not “talk shop,” but they give people who have a taste in that way a right, perhaps, to ask a gentleman a civil question, and to get a civil answer; to get information which his clients want, and that can properly be given. Sometimes a railroad man wants information; sometimes a patentee wants his patent renewed; that is a pretty hard fight. Then a broker wants to know what the Treasury is going to do about a certain measure. Sometimes the banker is anxious about the financial movements in Congress, or a merchant about the tariff. All these things we do constantly, and we do not make any charge for them. We keep up a certain circle of friends, and once in a while an opportunity comes of getting something that is of real service, and for which compensation is due and proper. But the entertainments are proportioned to the business of the session. When the business is good, so are the entertainments, and when the business is not good, the entertainments are meager. Washington Irving tells a story of a King of Spain, who was lost in the woods with his hunting-party; he ordered one of his attendants to climb a tree and see whether there was any building in sight. The man saw a château on the top of an adjacent hill, and the King said, “Let us go there.” They went and were received at the door of the château by the grandee, with his head uncovered. The King announced who he was, and said the party wanted dinner. The family had dined an hour before, and the servants had consumed everything that was left. The cook was sent for, and said His Majesty would be served in an hour’s time. They had a very pleasant dinner, and the King was rather surprised at the taste displayed in some of the dishes. After dinner, commending the excellence of the repast, he asked what it was composed of. Luckily, it was not Friday. The grandee sent for the cook, who came in and said, “Your Majesty, no animal has contributed its life to your dinner,” and he went to the window and showed the King fifty-two pigs with their ears all cut off. Said the King, “A man who can make such a repast as that from the ears of fifty-two pigs should be made a governor of a province.”

MR. NIBLACK. Is there not a great deal of money wasted on good dinners?

WITNESS. I do not think money is ever wasted on a good dinner. If a man dines badly he forgets to say his prayers going to bed, but if he dines well he feels like a saint.

THE CHAIRMAN. Were you aware that Mr. Berret, in point of fact, had received \$10,000, instead of \$7,000?

WITNESS. No; I did not know anything about it until I saw it mentioned in the papers. It is quite right; he probably did more work than I did. I was satisfied with what I got.

WASHINGTON, D. C., *January 15, 1875.*

DONN PIATT recalled.

MR. ROBERTS. When you retired from the committee the other day, you had been asked through whom you made payment of the note of \$5,000 to Richard B. Irwin in the summer of 1872. I desire now to repeat that question.

THE WITNESS. Mr. Chairman and gentlemen of the committee: In my testimony before the committee the other day I committed an error. I made a mistake which I wish to correct now, with your permission.

When it first came out that Mr. Abert had paid me \$5,000 (as it is stated abroad) from that corruption-fund, I came here for the purpose of explaining that transaction. I had put myself in the hands of my enemies, had given them jurisdiction, and the burden of proof lay with me to show that I was not concerned in the use of that corruption-fund. I did not consider what the committee was engaged upon. I looked only at myself, and I committed a grave mistake. If I understand it, Mr. Chairman, you are engaged in investigating the use of a corruption-fund, and you wish to trace it from the hands of the people who sent it here to the lobby, into the hands of members or officers of the House. If, in this investigation, you find any man, as lobbyist, offering or giving a bribe to a Congressman, it is your duty to turn him over to the courts for trial. If, on the other hand, you find any Congressman guilty of receiving such bribe, you report him to the House for punishment. Am I right in that?

The CHAIRMAN. I do not know that it is the purpose of this committee to hold any argument with a witness. If you have any correction to make in the testimony you gave the other day, that, of course, is proper.

The WITNESS. I do not want to go into any argument. I simply want the chairman to inform me, if he pleases, what this committee is engaged upon.

The CHAIRMAN. Do you desire to make any correction of the testimony which you gave the other day?

The WITNESS. Yes.

The CHAIRMAN. Then we will direct ourselves to that question.

The WITNESS. I should feel a good deal more comfortable and safer if the chairman would tell me precisely the object of this investigation.

The CHAIRMAN. The object this moment is for you to correct the testimony which you gave the other day, if you desire it.

The WITNESS. I understand the chairman, then, to decline telling me the object of the investigation.

The CHAIRMAN. If you understand me correctly, you understand me to say that if you desire to correct anything which you stated the other day, you have now the opportunity to do so.

The WITNESS. The correction runs through the entire extent of my testimony on that occasion.

The CHAIRMAN. You are at liberty to correct it to any extent you require.

The WITNESS. I am very much obliged to the chairman for his gracious permission. Looking at it, then, as I do this morning, it is my duty to come here and show what I did with the money which I received. Whether that money was a gratuity, or recompense for services, or a loan, has nothing to do, in my estimation, with this investigation. But, recognizing the power which this committee has to make me account for this money, I have brought here my bank-book and receipts for the year of 1872.

Mr. ROBERTS. I understand the chairman to waive that matter until you can correct your testimony.

The CHAIRMAN. Be kind enough to state whether or not you made a mistake in your testimony the other day.

The WITNESS. I made a mistake in appealing to the committee for justice before the public. That I now withdraw, and desire to appear as a witness only.

The CHAIRMAN. Then you do not desire to correct any statement that you made?

The WITNESS. Yes, I do. I want to appear now as a witness before

the committee, and to offer my bank-book, and to show all the payments I made.

The CHAIRMAN. Appearing now as a witness, will you be kind enough to answer the questions put to you?

The WITNESS. Does the chairman understand that I now make the offer of my bank-book and receipts?

The CHAIRMAN. Yes, sir.

By Mr. ROBERTS:

Q. I will ask you some questions in relation to your bank-book after you answer the question I now ask by order of the committee. It is, through whom you paid a note of \$5,000 to Richard B. Irwin in the summer of 1872?—A. I answer that question under protest. I am not on trial here. My private affairs are not before this committee, and this committee has nothing whatever to do with them. Under protest, I answer that I do not know who took the note up. I only know where I got the money to do it with.

Q. You stated the other day before the committee that you sent the money or that the money was paid by some person either in New York or San Francisco.—A. I supposed at that time that I knew, but in conversation since with Mr. Irwin I find that of my own knowledge I do not know. I know exactly where I got the money.

Q. State where you got it.—A. With the same protest as before, I tell the committee that I got a large amount of that money from Wm. Neeley Thompson. Part of it was earned money and part of it borrowed money.

Q. Was Mr. Thompson in Washington at the time that that subsidy was under consideration?—A. Yes.

Q. Was he connected with the movement for the passage of the subsidy?—A. No.

Q. Do you know whether he supported the subsidy, or favored it?—A. I believe he did not favor it.

Q. This money which you obtained from him had no connection whatever with the Pacific Mail Steamship Company?—A. Not the remotest.

Q. What was the business of Mr. Thompson in Washington?—A. God bless my soul, I cannot tell you what Thompson was doing.

Q. What is his profession or avocation?—A. He is a gentleman.

Q. Do you know what business he had here in Washington?

The WITNESS. Do you want me to go into Thompson's private transactions?

Mr. ROBERTS. I want you to tell us what his avocations in Washington were?

The WITNESS. That I most positively decline to answer. It is as much as I can do to answer about my own private transactions, and now I have to tell about Mr. Thompson's.

Mr. ROBERTS. No; I ask you what was publicly understood to be his business in Washington, in the spring and summer of 1872?

The WITNESS. You can ask Judge Kelley about that; probably he can tell you.

Mr. ROBERTS. Mr. Kelley is not a witness, and you are.

The WITNESS. You can make him a witness, for he voted for the subsidy, and he would be an excellent witness.

Mr. ROBERTS. Do you decline to tell what was the business of Mr. Thompson in Washington, in the summer of 1872?

The WITNESS. Most positively.

Mr. ROBERTS. Do you know whether he had any business here in connection with Congress, in the summer of 1872?

The WITNESS. I cannot answer that question.

Mr. ROBERTS. You can answer as to whether or not you know?

The WITNESS. Certainly I can.

Mr. ROBERTS. You said just now that you could not.

The WITNESS. I did, because it is not your right to ask such a question.

Mr. ROBERTS. Do you decline to answer whether or not you know what business Mr. Thompson had here in connection with Congress in 1872?

The WITNESS. Most positively.

Q. You obtained from Mr. Thompson the money with which this note of Irwin's was paid?—A. Yes.

Q. Can you tell where this note was paid and when?—A. I do not know of my own knowledge. The note came to me in a letter through the mail. I supposed when I was here last that I did know, but I find on further inquiry and information that I do not know.

Q. Can you state that the note was sent by this gentleman whose name you then declined to give?—A. That is my impression, but I am not so sure of it now that I can swear to it.

Q. Where was the note in the interval between the time of your getting it and the time of your paying it?—A. I do not know: it was in the possession of Mr. Irwin, I suppose.

Q. Do you know how the note was paid—by whom?—A. I do not know. I thought when I was here before, that I did know, but I find on further conversation with Mr. Irwin and from my own recollection of this matter, that I do not know.

Q. Did the money come into your hands for Mr. Irwin?—A. Yes.

Q. And it was sent by you through some other party to Mr. Irwin?—A. No, sir; when Mr. Thompson left here he left with the understanding with me that he was to take that note up, but whether Mr. Thompson did it himself or not I do not know. He mailed the note to me. I only know that I got it.

Q. Did Mr. Thompson give into your hands personally the money?—A. No; why should he? When he was going out to California he took the note up.

Q. He took the money to California in your behalf?—A. I presume so, for the note came back.

Q. He never gave you the money in fact, but gave you the note?—A. I presume he gave me the note; the note came back to me.

Q. The money never came into your hands, but simply the note which the money represented?—A. That is so.

Q. You were kind enough to say just now that you would show, from your bank-account, what had become of the \$5,000 which you obtained from Mr. Irwin. Be kind enough to make that statement.—A. I was under the impression, when I was here before, that I had deposited that money in the First National Bank. I find now that I deposited it with the late Freedman's Savings and Trust Company. I recollect that I went there because the company gave me some advertising, and as it patronized me I patronized that institution. You will find the sum entered here, [presenting his bank-book.]

Q. Read the entries yourself.—A. The entries are: June 1, a deposit of \$5,000; July 2, \$600; August 1, \$1,000; making \$6,600.

Q. Be kind enough now to give us the checks against that amount, indicating the checks against the \$5,000 especially, if you can.—A. I

cannot separate them. The whole amount deposited to my credit was \$6,600.

Q. Do the other deposits besides the \$5,000 connect themselves in any way with the Pacific Mail subsidy?—A. Not one of them.

Q. Now be kind enough to give the checks against that amount.

The WITNESS. (Referring to the stub of his check-book.)

June 18,	George Hill, paper.....	\$245 00
14,	James Williams, lumber.....	43 00
14,	covering chairs.....	10 00
15,	self.....	100 00
15,	self.....	100 00
18,	J. J. Piatt, poem.....	75 00
21,	Dr. Garnett's bill.....	50 00
22,	self.....	100 00
June 24,	Dr. Garnett.....	50 00
26,	Dr. Howe for paper for Capital.....	500 00
27,	to pay expenses of family at Narragansett.....	1,000 00
July 5,	Annie Shepherd, service as amanuensis.....	15 00
11,	to Washington Club in full to date.....	46 50
10,	to Mrs. Fanny Downing for poem.....	20 00
11,	Dr. Noble, dentist, in full.....	13 00
13,	Hill, for paper for Capital.....	200 00
13,	Washington Naylor in full to 1st of July.....	100 00
12,	John C. Hogan, awnings for house.....	50 00
12,	Deering & Morsell, to work on house.....	200 00
15,	self.....	100 00
17,	Hill, paper for Capital.....	250 00
17,	Adams Express Company, for "Cincinnati, past and present".....	126 00
27,	to Capital.....	150 00
30,	to Capital.....	100 00
30,	Mrs. Fanny Downing, for communication.....	50 00
Aug. 3,	Deering & Morsell for work on house.....	305 00
3,	self.....	50 00
12,	Burchell's grocery bill in full.....	52 62
13,	First National Bank, amount of interest on note...	145 88
16,	Solomons & Sons, New York, furniture.....	417 00
Aug. 16,	Dr. Howe, Capital.....	140 00
21,	Dr. Howe, Capital.....	250 00
21,	self.....	300 00
Sept. 4,	Capital.....	200 00
5,	Callahan and Spaulding, painters.....	78 00
6,	rent of J. J. Piatt's house and money loaned.....	65 00
6,	Washington Naylor, livery.....	72 00

That is all, and it exhausts the \$6,600 deposited in the Freedman's Bank.

Q. And the book shows that the account is thus settled?—A. Yes. In addition to this, I had an account at the First National Bank. This morning I stopped at the Metropolitan National Bank to ask the custodian of the books to give me an account of my transactions with the First National Bank in 1872, and he promised to do so. I have the checks here, and am ready to go through them.

Q. Are those checks connected with the money which you obtained from Richard B. Irwin?—A. No, sir; they having nothing at all to do with it.

Q. I understood you to say that the money you received from Mr. Irwin is accounted for in your bank-book account with the Freedman's Bank?
—A. Yes.

Q. And that the other checks which you now hold in your hand have no connection with that money?—A. None whatever; but I would suggest that while I deposited \$5,000 in the Freedman's Bank, I might have been paying congressmen out of my money in the First National Bank.

Q. Did you do so?—A. No, sir; I never paid anything to a congressman, and do not propose to.

Q. Do you know of any money being paid to any congressman or to any officer of either house in connection with the Pacific Mail subsidy?
—A. I have my opinion on that subject, but it is not positive knowledge.

Q. Have you any information on the subject?—A. I was very much interested at that time in the Brazilian line of steamships. Mr. Davidge, who appeared here for Mr. Garrison, had a little project by which the increased commerce produced by the line would pay the subsidy, and I thought that rather a good thing. That made me interested in subsidies so that I watched the thing, and I found that while Mr. Garrison's project running upon its merits, was defeated fifteen minutes after the passage of the Pacific Mail subsidy; and as I saw all the carpet-baggers on the floor, and all the suspicious characters of the House on the floor, voting for the Pacific Mail subsidy, I came to the conclusion that they had been paid for it.

Q. Have you any knowledge as to any of them being paid?—A. As I said before, nothing but information.

Q. Have you any information as to any money that was paid to any person in connection with the Pacific Mail subsidy?—A. No, sir, I have not. I was opposed to it at the time.

By Mr. NIBLACK:

Q. I understand you to say that this account at the Freedman's Bank embraced all the money that you got from Mr. Irwin?—A. Yes, sir.

By Mr. ROBERTS:

Q. You have said that you have no knowledge of the payment of any money; have you any information?—A. No, sir; none whatever, only my observations from the reporters' gallery of the situation of affairs, which convinced me that money was being circulated.

By Mr. KASSON:

Q. State as to the time when and the place where you gave the note for \$5,000 to Mr. Irwin.—A. If my recollection serves me right, it was in my library.

Q. You gave it to him personally?—A. Yes.

Q. What time did you give it to him?—A. I do not recollect; I think it is on the note.

Q. Was it at the time that the note is dated?—A. That is my impression.

Q. If I understand you to-day, instead of your sending the money to San Francisco to take up the note, a gentleman went from here to San Francisco, and took up the note, not with money which you gave him, but under an arrangement by which he did it?—A. Yes.

By Mr. ROBERTS:

Q. On the back of the note is this entry: "Paid July 22d, 1872." Can

you tell us whether that was the time it was paid?—A. I do not know; the fact is, since I have been looking at the note, that the entry on the back is a puzzle to me; I do not understand it at all.

Q. Can you state about the time the note was paid?—A. I cannot.

Q. State about the time you received it back.—A. I cannot do that; it was not long after this date, however.

Q. You have observed on the back of the note what seems to be the calculation of interest for about two months.—A. Yes; and it bothered me a good deal to know what that calculation was.

Q. The entry on the back of the note, "Paid July 22, 1872," would indicate that the note had run about two months when it was paid.—A. So I am told.

Q. Can you state whether or not the note was paid at that time?—A. That is the presumption; I cannot come any nearer to it than the committee.

Q. Can you give us any information as to the time when the note was paid, or the time when you received it back?—A. No, sir; I cannot recollect.

Q. It was some time in the summer of 1872?—A. Yes.

By the CHAIRMAN:

Q. You stated the other day that when you obtained this money from Mr. Irwin you were in great distress for money; will you now state which of the items that you paid, and which you have read here to the committee, were pressing you at that moment?—A. I do not know; I was then, as I am generally, surrounded by creditors who wanted their money.

Q. How much time does the disbursement of that \$5,000 cover, as shown by the stubs of your check-book?—A. It runs from June 10 to September 6.

Q. Some of those items would appear, from your statement, to have been contracted after the date when you got the money; is that so?—A. Some of them—yes.

Q. They did not press you much at the time?—A. No, sir; they could not very well press me, you know, unless they had a prophetic soul.

Q. Which of those items was it that put you in such distress about money?—A. Bless my soul, all of them.

Q. All of them, including those that were contracted after you got the money?—A. I recollect that the Capital was in a very bad way at the time, and was pressing for money, and my creditors were all around me.

Q. You volunteered to give the committee the items of disbursement, and you lead me thereby to ask which one of them was it that so pressed you at the time that you borrowed this money?—A. I am very sorry I cannot gratify the Chair in making that statement of my private affairs, but my recollection is that they were all pressing me.

Q. You do not know of any one pressing you more than any other?—A. Yes; the Washington Capital bothered me more than anything else.

Q. Turn to your stubs and point out which one of those bills, in regard to the Capital, was pressing you on the 23d of May, 1872.—A. All of them were.

Q. Will you not turn to the stub of the first one that you find?—A. It is not necessary; the Capital was in debt for paper and in debt for various expenses, and these debts were pressing on me.

Q. Be kind enough to point out the items that were pressing you on the 23d of May.—A. That I cannot do.

Q. You say that the money which paid the note was part of it earned money and part of it borrowed money; how much was earned money and how much borrowed money?—A. Well, really, Mr. Chairman, I cannot go on with this thing. It is absurd. I do not mean any disrespect to you or the committee, but I cannot go on with it.

Q. Some of it was a loan to you, was it not?—A. Yes.

Q. How much of it was a loan to you?—A. I decline answering. I think I have gone far enough into my private affairs.

Q. Without waiving that question, let me ask another question: Did you give the man who loaned the money to you any paper evidence of the loan?—A. No, sir.

Q. Have you repaid him?—A. Yes.

Q. When did you repay him?—A. I cannot say; I do not recollect.

Q. How did you repay him?—A. I cannot answer; I am getting tired.

Q. Is that the only reason why you cannot answer?—A. Yes, sir. I feel that I am being treated with disrespect.

The CHAIRMAN. If you are tired take a seat and rest.

The WITNESS. I am not tired in my legs but in my patience. I do not desire to sit down; I want to relieve my vexation.

Q. You decline to answer that question, and you give as a reason to the committee that you are tired in your patience?—A. Yes, sir.

Q. Tell us where you were when you paid the money to this man.—A. No, sir; I decline answering.

Q. Tell us how you paid it.—A. No, sir; I decline answering. I feel that I am being trifled with here as a witness. I mean no disrespect to the committee, but that is the impression at this moment.

Q. Do you decline to answer?—A. Certainly.

Q. Will you tell us in what way you paid the money?—A. No, sir; I will not.

Q. Will you tell us when you paid it as near as you can?—A. I must respectfully decline. That is going entirely into another transaction not connected with the subject before the committee.

Q. Will you tell us where the gentleman was when you paid the money to him?—A. No, sir.

Q. Will you tell us whether you took any paper from him?—A. I have answered that already.

Q. I asked you if you gave him any paper evidence of the loan; I now ask you if you took any paper evidence from him that you paid it back?—A. I decline answering.

By Mr. KELLEY:

Q. The evidence shows that you have had the sums of \$100, \$800, and \$5,000; have you had any other moneys from the Pacific Mail Steamship Company?—A. I never had a cent from the Pacific Mail Steamship Company.

Q. From Mr. Irwin?—A. No, sir. I never had any other moneys than those.

Q. Or from any other agent of the company?—A. No, sir.

Q. Then the \$5,900 is the total of your receipts from the Pacific Mail Steamship Company, or from any of its agents?—A. That is all.

By the CHAIRMAN:

Q. Do you know whether this Mr. Thompson you spoke of had at that time any connection with what is called the New Idria quicksilver mining claim?—A. I decline answering that. I consider the question an insult.

Q. Do you know that there was such a claim pending in Congress at that time?—A. Not any better than you do.

Q. Will you answer the question?—A. No, sir; I do not answer it.

Q. Do you refuse to answer whether this Mr. Thompson was at that time pressing that claim on Congress?—A. I decline answering anything about it. You have got entirely beyond the jurisdiction of the committee.

Q. Do you state now that Mr. Thompson did owe you a part of this money with which he took up the \$5,000 note?—A. Yes.

Q. How much of it did he owe you?—A. I do not recollect.

Q. About how much?—A. He may have owed me \$3,000 of it, I think.

Q. And \$2,000 of it was a loan?—A. I cannot say, unless I had some data to refer to.

Q. For what did he owe you this \$3,000?—A. I respectfully decline answering. It has nothing to do with this transaction at all.

WASHINGTON, D. C., *January 18, 1875.*

WITELAW REID sworn and examined.

By the CHAIRMAN:

Question. State your residence and occupation.—Answer. I reside at 23 Park avenue, New York. I am editor of the New York Tribune.

The CHAIRMAN. The committee has been very much gratified to see the interest taken by the New York Tribune in this investigation, and it has occurred to the committee that you might render it some aid. Therefore the committee invited you here. If you can render us any aid we would be very much obliged. The committee has observed, in the editorials of the Tribune, hints as to the best method of pursuing this investigation, and I have one editorial now before me in which it is intimated that you have some knowledge of a list of members whose votes were supposed to be controlled in reference to the subsidy, and that there were two members of this committee on that list; tell us what you know about it.—A. That was a matter of rumor, and substantially what I knew I communicated to a member of the committee in New York. I said at the time that it was rumor, but that I thought certain people would be able, if summoned, to testify as to what they had been understood to say about it. I gave the name of one member of this committee, I think, in my letter on that subject, but I have since been informed that the witness who was supposed to know about the matter had been before this committee and had declared positively that he knew of no such list.

Q. Have you any knowledge yourself as to there being such a list?—A. No personal knowledge.

Q. Have you any knowledge that any person engaged on the Tribune has any knowledge in reference to such a list?—A. I should think that none of them would have any personal knowledge of it.

Q. What ground had you for supposing that anybody had in his possession such a list?—A. The same ground which we had had up to the beginning of the developments by the committee for supposing that there was any corruption at all in the matter—current and increasing rumor.

The CHAIRMAN. I put these questions solely for the purpose of getting evidence before the committee, not for the purpose of harassing anybody, and if you have the slightest evidence that can aid the committee in this

investigation, you will oblige the committee if you will communicate it.

—A. I do not know whether it would be quite fair to report a remark which was made to one of my reporters when the committee was in session in New York, and yet I am inclined to think that as there was no injunction of secrecy in the matter, it would be. I do not undertake to vouch for the nature of the evidence it may elicit. I do not know whether the man would swear to what he was reported to me as saying, but I put among my papers (thinking that it might possibly come within the scope of your inquiry) a memorandum made to me in the regular course of his business by the city editor of the Tribune. I do not see it now among my papers, but the substance of it is that Mr. Oakey Hall had said that day that a member of this committee was in some way implicated in the Pacific Mail transactions, and that he could probably give evidence on the subject, or could put the committee in the way of evidence.

Q. Please to repeat that statement.—A. The city editor of the Tribune informed me that it had come to his knowledge that day, during the session of this committee in New York, that Mr. Oakey Hall had said that a member of the committee was concerned in Pacific Mail, and that he might be able to give some evidence upon it. I give you that in the faint hope that it may lead to some clew, though I will not undertake to vouch for it. It is a sample of the sort of rumors that have been flying around in New York since this investigation began, and which I presume have been equally current in Washington.

Q. Have you taken any pains to ascertain whether Mr. Oakey Hall made that remark?—A. I have no doubt that Mr. Oakey Hall made that remark.

Q. Do you know what was the ground for his making the assertion?—A. I do not.

Q. Have you taken no pains to ascertain?—A. No. That was about the time that the committee was leaving New York, and I think I communicated the fact to a member of the committee, saying that while I did not attach any importance to it, I should prefer the committee to have the benefit of it.

Q. Have you any information touching the use of the money that was brought here by Mr. Irwin to secure the passage of the subsidy?—A. I did know a great many things, without knowing them of my personal knowledge, and which the committee has since developed.

Q. Do you know of anything that has not appeared in the testimony taken by this committee in relation to the use of the money brought here by Mr. Irwin?—A. As the chairman has alluded to editorial remarks in the Tribune, I will say that a short time ago I made a suggestion in the Tribune that the committee might advantageously summon Judge Pierrepont.

Q. I was going to call your attention to what you said about Judge Pierrepont. After Judge Pierrepont made a statement to your paper, you still seemed to think that he could be of service to this committee. I should like to know what was the ground for that opinion.—A. Briefly this: that it came to my knowledge that a statement had been made by the president of the Pacific Mail Company, that after the payments, which have already been put in evidence, by Mr. Irwin to Mr. William S. King, a further demand was made upon the company or on its president by Mr. King in writing, for an additional sum of \$25,000; that the letter in which this demand was made stated that he thought more attention ought to be paid to his demands, since he was writing with the prison-bars behind him, and that the president of the Pacific

Mail Steamship Company had said that he replied, saying that if the writer did not stop sending letters of that sort to him, he would be soon writing with the prison-bars in front of him; and that the letter making this demand had been presented to the company, or to its president, by Judge Pierrepont, accompanied with the recommendation that the claim be allowed and paid. It came to my knowledge that the president of the company stated this story just as I have given it, and I took some little pains to get at the witnesses to it.

Q. Which president of the company do you refer to?—A. Captain Bradbury. I think he succeeded Mr. Stockwell.

Q. Is he a resident of New York?—A. I first met him in New York, and I think he resides near the city of New York, on the Palisades.

Q. Your paper of Saturday intimated that there was something mysterious about the books of the Sergeant-at-Arms. What was the ground for that statement?—A. I have repeatedly heard that payments were made with the part of the money which I think you have already traced from Mr. Irwin's hands in thousand-dollar bills, and it has been repeatedly alleged that the books of the Sergeant-at-Arms would probably show (not the open public accounts of the Sergeant-at-Arms, but the private accounts which he is understood to keep with individual members) deposits at that time in thousand-dollar bills, and it seemed to me that, if there was any ground whatever for believing that, it would be wise on the part of the committee simply to ask the Sergeant-at-Arms to produce those accounts, confidentially if not publicly.

Before passing to the Judge Pierrepont story, if you will allow me, I would like to give the witnesses whom I found for that statement which I made. As I have suggested already, it is impossible for me in my position to have personal knowledge of these facts, but I think that if the committee will summon the witnesses whom I will name, they will testify to the story as I have stated it here. One of these witnesses is A. W. Bradbury, a brother of the late president of the Pacific Mail Steamship Company, who is to be found at the office of Homans & Lemans, No. 5 Wall street. I took pains to send to Mr. Bradbury to ascertain if he had any knowledge of the fact, and he stated that his brother, (the late president of the Pacific Mail Steamship Company,) who is now absent in London, had shown him the letter from King, and had told him the circumstances, and what his reply to Mr. King was. He did not give me any information as to the alleged recommendation by Judge Pierrepont. That I learned from a former agent of the Pacific Mail Steamship Company in Japan, a Mr. A. Senter, who, I think, can be found in Washington now.

Q. Can you name any other witness?—A. I have heard the same thing as a matter of current rumor for a long time, but these are the only men whom I have inquired of through my reporters.

Q. Do you know of any other evidence than that which you have stated which will lead the committee, either directly or indirectly, to the tracing of any of this money into the hands of members of Congress?—A. I must repeat, that personal evidence of the kind it would be impossible for me to give. I never bribed a Congressman myself, and was never in the lobby myself, consequently I have no personal knowledge of it, but I have heard a good deal about it, enough to make me think it worth while to have a search and examination into the private accounts of Congressmen with the Sergeant-at-Arms.

Q. Tell us the ground of this statement in a Tribune editorial: "Time and again the evidence has led to the very doors of Congress, and there it has been stopped."—A. I think the declarations that have been al-

ready made concerning the accounts of the Sergeant-at-Arms are getting very near to the doors of Congress.

Q. Have you any other grounds for that statement than your suggestion in relation to the accounts of the Sergeant-at-Arms?—A. I think that there are a great many circumstances which have been developed in the evidence laid before you that would lead a candid critic to that opinion.

Q. Tell us one of those circumstances that leads to the fair conclusion that we have stopped the investigation as soon as it got to the doors of Congress.

The WITNESS. Then I am expected not to give facts, but to vindicate my editorials.

The CHAIRMAN. We are here to get upon the trace of evidence, and we suppose that when a person undertakes to tell us where we can find evidence it would be of some service to us to learn. That is all. We are not arraigning you.

The WITNESS. So I understand.

The CHAIRMAN. As I stated in the beginning, we are engaged in the search for light, and wherever it leads there we propose to follow.

The WITNESS. You are not arraigning me, but you are proposing that I shall arraign the committee.

The CHAIRMAN. No, we are not; we are trying to vindicate the committee. The least of our ambition is to arraign the committee.

Mr. ROBERTS. Or without vindicating anybody or arraigning anybody, we are anxious to get at the facts, wherever they may be found.

The CHAIRMAN. If there is anything aside from this matter about the Sergeant-at-Arms, (about which I will ask some questions in a few minutes,) if anything has transpired or is in existence which you know, and which is the foundation of the remark in the Tribune editorial, that we have "led our investigation up to the doors of Congress directly, and there stopped," we would like to know what it is, so that we can go along.

The WITNESS. In reply to that remark, I will say that I have been assured that sundry pieces of evidence have been brought before the committee which, it seemed to me, might develop important results if closely followed out, and of which no use has yet been made by the committee, so far as the public has any knowledge.

Q. What are these?—A. I was going to refer, as I have already done, to the books of the Sergeant-at-Arms. I think, then, that the books of the late firm of Rufus Hatch & Co., in connection with Samuel A. Hatch, would be of value.

Q. In this connection—as to tracing the money through the doors of Congress into the hands of members?—A. I cannot undertake to say that any specific inquiry would trace the money directly into the hands of members of Congress, but I think that a development of the facts will locate it there. I could not have undertaken to say, before the examination of Mr. King, that a specific inquiry would have traced so much money into his hands, but I had a strong suspicion that it would, and I had some facts which seemed to warrant that suspicion.

The CHAIRMAN. I only ask you for evidence. What is your ground for supposing that in the books of the late firm of Rufus Hatch & Co. there is any evidence which will lead us to trace the money into the hands of members of Congress?—A. I have not said that either that or any of the other points of evidence (with the exception of the one I have given about the books of the Sergeant-at-Arms) would necessarily and directly lead to members of Congress, but I think it would lead to the

development of the use of money, and I believe (as I think the public generally believes) that that money would be finally traced in a considerable part into the hands of Congressmen.' One ground for my belief is that whatever else may be said in regard to Colonel Irwin, who is represented as having been a reputable and gallant officer in the Army, nobody has ever accused him of being a fool, and it seems to me that he has spent a large sum of money here which has not been traced into his hands.

The CHAIRMAN. Although all this may be very interesting, still the time of the committee is short, terminating on the 4th of March next, and therefore we must confine ourselves to practical questions. This reasoning about Mr. Irwin the committee does not care to hear.

The WITNESS. Then if you do not ask me for my opinion I will not give it.

The CHAIRMAN. I ask you for the ground for intimating that in a certain quarter we can get facts. That is what I want to know.—A. First of all, I have given the ground that this large sum of money was spent here, and that I do not believe it was spent by a man who was likely to throw it away.

Q. Have you any facts of any kind, which can aid us in tracing it into the halls of Congress, more than you have given?—A. No facts of my personal knowledge.

Q. Did Mr. Irwin ever give you the name of any member of Congress into whose hands any of the money passed?—A. No, sir, Mr. Irwin never did; I never saw him but once. I beg your pardon, he did give me the name of a member of Congress elect, but perhaps the committee does not care to refer to that now.

Q. Was that member of Congress elect a member of Congress at the time the subsidy was passed?—A. No, sir; he was a public officer, but not an officer of Congress. I see no reason why I should not mention his name. I refer to Mr. Parsons.

Q. How much did Mr. Irwin tell you that Mr. Parsons had received?—A. I think that, in order to do Mr. Irwin justice, and Mr. Parsons justice, I had better repeat the conversation. It was on the single occasion when I ever saw Mr. Irwin. He had called first to thank me for having published a letter from him during his absence from the country, in reply to the charge that he had run away fearing this investigation, and fearing a suit by the Pacific Mail Steamship Company. I tried to improve the opportunity to find out what I could about this Pacific Mail subsidy, and about the expenditure of the money to secure it. I said that I had heard that \$650,000 or \$750,000 had been unaccounted for, which had probably passed through his hands, or been used in the subsidy in some manner. He replied that the sum was considerably larger than that. I said "How much?" He said "that he knew about \$900,000 within his own knowledge, and that Mr. Parsons either handled or knew about the handling, (I am not sure which was his phrase,) of \$300,000 more." This was the conversation, as I have stated it. I remember it quite distinctly. I do not think I could have misrepresented or misunderstood him; but I ought to say, in justice to Colonel Irwin, that I received a message from him this morning to the effect that I had misunderstood him, and that the sum of \$300,000 which he mentioned was not in connection with the Pacific Mail subsidy, but was a payment made back to Mr. Stockwell. I got the impression from his message that it was connected in some way with stock operations.

Q. When did you receive that message?—A. I received it this morning, since I reached the city.

Q. Had you communicated with Mr. Irwin that you were about to

come here?—A. No, sir; but the fact, I suppose, was reasonably well known.

Q. Since your arrival here, Mr. Irwin has been correcting his statement to you?—A. Mr. Irwin sent me a message to the effect that he had heard that I had said this. I had spoken of it freely, and I communicated it to a member of this committee while the committee was in session in New York.

Q. Was there any other fact which Mr. Irwin stated with reference to the expenditure of that money?—A. No, sir.

Q. Did he state how he expended it?—A. No, sir.

Q. When he said that he knew of \$900,000 which had been expended here, did not your curiosity lead you to inquire the manner of its expenditure?—A. I had a good deal of curiosity, but I regret to say that Colonel Irwin did not gratify it in all respects.

Q. To the extent to which he did gratify your curiosity, will you tell what he said?—A. He left on my mind an impression that \$1,200,000 had been used here, and I think he also left (though at this length of time, and with what has passed on the subject since, I cannot be clear about it) the same impression which he subsequently gave this committee, that he had not personally paid it to any Congressman, and was not personally cognizant of its being paid to any Congressman or officer of Congress.

Q. He left that impression on your mind?—A. I think he did. I find it a little difficult to distinguish between that conversation and the testimony which came out afterward. The first thing that he seemed anxious about was to convince me that he had written me the truth from abroad, saying that he was not running away from an investigation, and he seemed indignant at the idea that any one should suppose that he would run away.

Q. Have you any other interest in this inquiry than that of a journalist?—A. None whatever.

Q. You had no interest in the Pacific Mail, directly or indirectly?—A. None whatever, directly or indirectly.

Q. I will now call your attention to what you have stated in relation to the Sergeant-at-Arms's books. Have you any knowledge of the fact that the committee has omitted to examine the Sergeant-at-Arms's books?—A. Simply what I have stated in my evidence, that the public is not aware that those private books have been examined.

Q. Are you aware of the committee's suppressing any testimony?

The WITNESS. Do you mean by suppressing testimony failing to get it?

The CHAIRMAN. No, but suppressing testimony which it has got.—

A. I have heard such reports, but I have no personal knowledge of the fact.

Q. Do you know that any person connected with your paper has any knowledge of that fact?—A. I think not; although I have never conversed with my representatives here on that point.

Q. Who represent you here in communicating facts in reference to the manner in which this investigation is pursued?—A. I hear from all manner of persons. The representations that I receive from our own regularly accredited representatives are generally printed and are accessible to the committee.

Q. Those that are printed are those which the attention of the committee has been called to?—A. Those that are printed, generally, not always, come from or through the hands of our regular representative here, Mr. White.

Q. He holds himself responsible to you, I suppose, for them, and would have no objection to holding himself responsible to the public for their accuracy?—A. I think not. I have generally found him singularly accurate in his statements.

By Mr. KASSON:

Q. I did not quite understand the witness as to the statement made to him by Mr. Irwin, where he spoke of the \$300,000 being repaid to Mr. Stockwell. Can you state more particularly what his language was about that?—A. That was merely a verbal message sent to me this morning by Mr. Irwin; but I should prefer that you would get Mr. Irwin's statement on that subject from himself.

Q. We would very much prefer it ourselves, and to get from him several other statements, but unfortunately we cannot get them. I do not know but that you may give us some impressions in connection with evidence which we have already had. To be more specific, Mr. Schumaker testifies that a large amount of checks, with which he drew \$265,000 from the Brooklyn Trust Company, were sent back to the Pacific Mail Steamship Company, and I think, without being positive, that he supposes they went to Mr. Stockwell's office; and it is possible that those allegations about the \$300,000 might have some connection with that sum which was repaid to Mr. Stockwell. Can you state more specifically the message received by you in reference to that \$300,000.—A. I think it was, substantially, that I must have misunderstood Mr. Irwin, and that he must have been speaking of the \$300,000 that was repaid to Mr. Stockwell. I have no recollection of his referring to that in our interview, although the interview lasted two hours.

Q. He did not say how the money was paid, or when?—A. No; his message simply was, that I must have misunderstood him, and that I must have mixed the two things together. My own recollection of the conversation is quite clear, but of course it is possible that Mr. Irwin is right and I wrong. I only swear to my belief.

Q. Who brought the message to you from Mr. Irwin?—A. The same gentleman whose name I have already given, Mr. A. Senter.

Q. Have you any facts within your own knowledge, or derived from any person representing the Pacific Mail Steamship Company in connection with the subsidy, or any agent in that business, beyond what you understand has already come out in the testimony before the committee?—A. I have alluded in the Tribune once or twice to the names of witnesses who, I thought, might give information, and in these cases I have nearly always heard rumors more or less well authenticated, which I believe would prove important clues.

Q. That is hardly the point of my inquiry. We have taken the liberty, on the mere general rumor that men knew some things in this connection, to summon them as witnesses, and when they got here we found that they knew nothing about it. I ask you, therefore, (confining the question to the facts within your own knowledge or derived from persons connected with the Pacific Mail Steamship Company either in its general business or in this subsidy business,) whether you have any facts further than those you have already produced?—A. I think nothing further than I have mentioned. I had from a former agent of the Pacific Mail Steamship Company the statement that Mr. Laidlaw, of New York, would be a good witness as to the receipt by Mr. Schumaker of a check for \$25,000, through the Bank of California, from Mr. Irwin, I think after the transaction in Washington, in the spring. I sent to Mr.

Laidlaw to inquire about it, but he professed (and no doubt sincerely) entire ignorance of the circumstance. It seems to me, however, that his books would be worth examining. I think that if Mr. Irwin were brought out of jail and asked the question, he would testify that he continued to pay money on the subsidy account after he went to California; that he took a considerable amount of money there and paid it out, and that this was one of those checks.

Q. Tell us why you think, first, that Mr. Irwin would testify, and, second, that he would testify in that manner?—A. Mr. Irwin has stated, in a letter to me, that Mr. Laidlaw could give this information if his books were examined.

By Mr. BURCHARD :

Q. Is this the Mr. H. B. Laidlaw who was examined by the committee in New York?—A. My impression is that it is the same gentleman, but I am not certain.

Mr. BURCHARD. This information was then entirely unknown to the committee?

The WITNESS. I understand this Mr. Laidlaw to be the agent of the Bank of California, in New York, although I am not clear about that. The reporter whom I sent knew about Mr. Laidlaw's business, and came back and said that Mr. Laidlaw had told him he had no knowledge of the matter. I have been assured, however, by Mr. Irwin, that his books would show the fact.

By Mr. BECK :

Q. You spoke of receiving, from one of your reporters, a statement as to Mr. Oakey Hall; I do not think you gave the name of the reporter.—A. It was the city editor, Mr. H. F. G. Shanks. Here is the memorandum which Mr. Shanks gave to me at the time. This is an ordinary daily report from the city editor, giving different points which it was important for me to know of his work that day. I see that I made a memorandum that it was received about midnight of the 28th of December. He says, "Mr. Oakey Hall intimated to-day that Mr. Fernando Wood was interested in Pacific Mail stock; he did not say how." I give that simply as a sample of the rumors which are current, and which are believed by a great many people. They have been coming to me from all quarters. My disposition has been not to couple any man's name with them, but the committee must be aware that these rumors are in the mouths of many men.

Q. Did I understand you to say that you communicated the fact of such rumor to a member of the committee in New York?—A. I addressed a letter to a member of the committee in consequence of a message which was brought to me by a personal friend of mine to the effect that the committee was talking of summoning me. I addressed a private letter to a member of the committee, saying that I naturally knew very little, of my personal knowledge, but that I had heard such and such rumors, and that I thought that some witnesses might be summoned, and that I was also at the service of the committee if I could be of any use.

Mr. BECK. That letter was written to me, but it did not reach me until I got to Washington. I laid the substance of it before the committee after we met here in January. The only fact referred to in that letter was the conversation of Mr. Irwin relative to Mr. Parsons.

The WITNESS. That was the only fact which seemed to me coming

within my personal knowledge; and that did not seem to me a thing on which I ought to give evidence, unless Mr. Irwin was first called.

Q. Do you know anything about that list of names which Mr. Garrison was summoned about?—A. I do not.

Q. Have you ever talked with Mr. Garrison yourself about it?—A. No; I never did. I learned more from your reply than I knew before—to the effect that Mr. Garrison denied it.

Mr. BECK: We have had Mr. Garrison before us, and have had his testimony, and we have summoned him again. He stated, when he was before the committee, that he did not remember a single name of those which Mr. Sypher had called his attention to. Do you know any gentleman who has conversed with Mr. Garrison, and who recollects any of the names; or have you any knowledge that would lead us to get those names from Mr. Garrison or anybody else?

The WITNESS: Not unless Mr. Garrison is willing to tell them.

Mr. BECK. He says he has forgotten them. That is all that it is proper for me to say.

The WITNESS. I have heard of that list, just as I have heard a thousand other things about this investigation, which are freely talked of among business men, and which they say can be proved, if the committee could get hold of the right witness; but when the committee gets hold of him he does not wish to swear to it.

Mr. BECK. It seemed to us that Mr. Garrison was the right witness.

The WITNESS. It seemed so to me, too.

By Mr. KELLEY:

Q. Do you know anybody to whom Mr. Garrison at any time repeated that list or any part of it?—A. I have not been able to get so close as that. I think perhaps that if I had the power to examine persons and papers, and to study the case up thoroughly, I might do so, but I do not know.

Q. We want you to help us by giving us the names of witnesses who, on being summoned, would give us that information.

The WITNESS. If my help is to be of any avail, would it not be better for me to give some hints to the committee in private?

Mr. KELLEY. You can make them privately and confidentially to the chairman.

The WITNESS. That I would be very glad to do. I would be very glad to give the committee a number of points which I think may be of some service.

Mr. Beck here read to the witness some extracts from Mr. Garrison's testimony, in which Mr. Garrison stated that he could not recollect a single name upon the list, and stated to the witness that if he had any means of obtaining that information the committee wished to have it.

The witness suggested that Mr. Sypher would be a good witness.

Mr. Roberts stated that Mr. Sypher had been summoned and had testified that not a dollar had been mentioned by him to Mr. Garrison, or by Mr. Garrison to him, and that no money proposition of any kind had been made, and he asked the witness whether he could throw any light upon the subject.

The WITNESS. I was aware of that testimony being given, but it seemed to me that a diligent cross-examination of the two witnesses, one after the other, might perhaps reveal something. Yet I cannot say.

Mr. ROBERTS. We examined Mr. Sypher immediately after Mr. Garrison was examined, and that was the result.

By Mr. WOOD:

Q. You have taken a very deep interest in this investigation?—A. Such an interest as I take in most public affairs, because it seemed to me that it might lead to something important.

Q. You have given us in this examination all the information you have on the subject?—A. All that would seem to be at all in the nature of evidence, and a good deal which I think would not be admissible in a court of law. My own impression was that it would have been vastly better to give such hints as I have given in private, and I was ready to do that at any time.

Q. Do you not feel it to be your duty to give us any information, without reference to whether it is evidence in any court of law, that would lead us to ascertain the facts?—A. Undoubtedly.

Q. Have you done so?—A. I have, except as to a number of points, which are quite at the disposal of the committee, but which I think it would be better to give privately.

Q. Have you any suggestion to make, which you can make publicly, that will enable us to prosecute more thoroughly this investigation?—A. They are all of the class of which I have spoken—suggestions that point to the summoning of other witnesses.

Q. Have you ever examined the official record of the debates and votes on this subsidy matter?—A. Yes; I examined it at the time pretty carefully, I think.

Q. Have you not done so recently?—A. Not recently in detail.

Q. Did you not deem it necessary, before you said anything implicating members of Congress, to ascertain what their records in the matter were?—A. That I knew pretty well, I think.

Q. You have referred in two different articles in your paper to members of this committee as being, in your phraseology, "fit subjects of investigation," and intimating that they were not proper persons to sit on this inquiry. Please to name them.—A. I have given the name of one who was mentioned. I think, however, that I have never stated it as my opinion that they were not fit members to sit upon this committee, but simply that that was a reason why they should redouble their vigilance.

Q. Did you examine my record?—A. My understanding was that you were opposed to the subsidy.

Q. When Mr. Shanks made this communication to you of what you understood to be a statement to him from Oakey Hall, were you not fully aware of what my course on the subsidy question had been from beginning to end?—A. I have just stated what I supposed it to have been.

Q. I am speaking now of absolute knowledge from the Congressional Record.—A. I had not looked at the Record for a year or two beforehand, with reference to the subject.

Q. Are you not aware that I made three speeches against it, and fought it in every attitude from beginning to end?—A. Not quite so positively as that, but I understood that to be your position.

Q. Then had you no doubt as to the information received from Mr. Shanks?—A. I think I never have said that I personally accepted it as truthful.

Q. And yet you communicated it in this public manner.—A. I said at the outset that I should prefer to give it in private.

Q. Who is the other member of the committee to whom you refer?—A. Another member of the committee whose name was mentioned in the same current way is Mr. Dawes.

Q. Is it the usual custom in your office, or is it the general practice of leading metropolitan newspapers to assail public men on such information as that on which you appear to have assailed us in this case?

The WITNESS. First, have I assailed you?

Mr. WOOD. Undoubtedly you have.

The WITNESS. Will you let me see the nature of the assault?

Mr. WOOD. You have assailed us in the communication which you have just made.

The WITNESS. I proposed to give that in private, and said that I gave it merely as one of the current rumors which the committee must be aware of.

Mr. WOOD. But in the Tribune you did not refer to it as current rumor, but as a substantial charge against two members of this committee. Now, I want to know what evidence you have on the subject.

The WITNESS. First produce what I have said; my impression is not that I made the charge as of our own knowledge, but simply said that there was a current suspicion concerning two members of the committee, and my recollection is that the articles very plainly showed, what was certainly very clearly our own intention, that the fact of such a rumor should stimulate the committee to extra exertion. You never were included until this morning. Your name was never mentioned or pointed out in any way in the Tribune.

Mr. WOOD. Now, I want to say to you that from the beginning of this investigation, and all through it, there has been one unanimous, determined effort on the part of every member of this committee to get at all the facts, and if you or anybody else can give us the slightest hint that will enable us to investigate this whole matter, this committee will follow it out, even into the halls of Congress. You think we have got to the door and will not enter; but we will enter if you only show us the way.

The WITNESS. I think you have got in on one or two cases.

The CHAIRMAN. State a little more distinctly what you said a moment ago in reference to Mr. Dawes's name.

The WITNESS. I said simply that in the same way, and in the same sort of rumor which connected Mr. Wood with this matter, the name of Mr. Dawes was also mentioned as having been in some way on the list of Commodore Garrison or some other man.

Q. Did you ever hear of any other list except Commodore Garrison's?—A. I think not.

Q. Did you ever hear that Mr. Dawes's name was on Commodore Garrison's list?—A. The rumor was that Mr. Dawes was implicated in some way with the distribution of this money.

Q. Do you not know that Commodore Garrison's list was a list of those names whom this man Sypher thought he could control?—A. Yes.

Q. Did you learn anything about Mr. Sypher's local or other influence that would lead you to suppose that he could have any control over me?—A. It would not seem natural that he should have.

Q. Do you not know that from the very outset I was an avowed supporter of the subsidy?—A. I have so heard.

The CHAIRMAN. Then there was no occasion to put me on anybody's list as one who could be controlled.

The WITNESS. You will do me the justice, Mr. Dawes, to observe that I have no more undertaken to say that there was a particle of truth in that rumor than in the other. I have mentioned these as rumors which are current and which come to us. You will do me the further justice

to remember that I wrote in a letter to a member of the committee: "If Dawes does not know, he ought to know, that his name is currently talked about in this connection."

Q. Have you any supposition that that intimation ever reached me?—A. I supposed it would naturally when I sent it to a member of the committee. I sent it to Mr. Beck.

Q. Did you request him to communicate it to me?—A. I put it in the exact language I quoted: "If Dawes does not know he ought to know."

Q. Will you give the committee the ground for the rumor that I was implicated in that matter?—A. The rumor was simply repeated from mouth to mouth.

Q. Did any ground for the rumor ever reach your ear?—A. Nothing that I ever accepted, or that I said to any one led me to believe it.

Q. Then it was a rumor without any reason accompanying it?—A. Exactly; the same kind of rumor, except that I did not follow it, that connected a number of other people with the Pacific Mail subsidy, that have since been proved to have been connected with it.

Q. Have you any evidence or any suspicion that furnished any ground for such a rumor?—A. If you ask me if I have any evidence against you, I say at once no.

Q. Have you any ground for a suspicion?—A. I do not think I should say that I suspect you in the least, but I should say a great many others have done so, evidently.

Q. Have you anything which you can furnish the committee that has been considered a ground for any such rumor?—A. I should say I can give no reason for believing the rumor save its current repetition in well-informed circles.

Q. Give us the circles in which it was current.—A. It is the sort of report which New York newspaper-men, who go down into Wall street, and go among the bankers and business men, bring back.

Q. Was the gossip which you said reached you in reference to me confined to this list of Commodore Garrison's?—A. No; the gossip which I heard and which I hear at different times, and to which I attached so little importance that I retained no particulars of it, hearing it as I hear a thousand other rumors, connected you in some way with the payment of the money by the Pacific Mail Steamship Company.

Q. And you communicated confidentially to a member of the committee a suspicion in regard to one of his colleagues, and did not communicate it to himself?—A. I had received a message from Mr. Beck concerning the affairs of the committee, and had received no message from you; I certainly did not think that was a matter which I had any warrant to approach you about any more than I had to approach Mr. Wood.

The CHAIRMAN. I never heard my name mentioned in regard to the matter until last Thursday, and then I summoned before the committee the man who was represented to have had something to do with it, and it turned out that he never had the slightest thing to do with it himself. I refer to Mr. Chaffee.

Q. State who communicated that rumor to you.—A. That I cannot say; I have heard it almost as often as I have heard the names of other persons connected with it—very frequently.

Q. And you are unable to give the names of any of the individuals from whom you heard it?—A. Precisely as I would be unable to give the name of a single individual connecting Mr. Wood's name with it,

except for the mere accident of my having kept this memorandum from the city editor.

Q. Had you that rumor in your possession when you intimated in your paper that I was an unsuitable man to preside over this investigation?—A. I do not recollect making that intimation.

Q. Had you it in your possession when such an intimation was made in the editorial columns of the Tribune?—A. I do not recollect any such intimation being made in the editorial columns of the Tribune; if made there, I should be responsible for it; but I do not recollect such an intimation.

Q. You have known me for a good many years?—A. A good many.

Q. You never communicated to me the existence of such a rumor.—A. I thought it would have reached you in the manner in which I communicated it to Mr. Beck.

Q. Were you aware that I was in New York part of the time that the committee was there?—A. I was.

Q. Would it have been more difficult for you to communicate the fact to me at that time than to Mr. Beck?—A. Not at all.

Q. Was there any reason why you preferred to communicate it to a third party rather than to me?—A. It was simply that the message, as I understood it, came to me from Mr. Beck; that the committee was talking of summoning me, and would summon me if I had anything to tell.

Q. Was there any newspaper man who brought the rumor to you?—A. Yes; I think it was brought to me by different reporters in the office.

Q. Be kind enough to give the committee the benefit of their names.—A. I do not now recall the name of any one who reported the rumor to me.

Q. Do you mean to say that it came to you through your reporters from Wall street, and that you cannot give us the name of a single reporter that brought it to you?—A. I cannot swear now positively that I recollect any one reporter who brought it to me. A dozen reporters bring in their statements in a day, but I do not charge my memory with them afterward.

Q. Can you give us the name of a dozen reporters, one of whom may have brought you in that rumor?—A. I think I might if I had the list here.

Q. Will you give us the names of the reporters among which will be found the one who brought it to you, and I will ask the committee to summon the whole dozen?—A. I should say that the most natural reporter to bring the rumor to me is W. P. Sullivan.

Q. Is there any other one who would probably have brought it to you?—A. I should think that Mr. Shanks, the city editor, probably repeated the story.

Q. Is there any other one who it is possible brought that rumor to you?—A. I should think that Mr. George E. Mills was as likely as any one to have brought it in, after Mr. Sullivan.

Q. Is there any other one who can be put in the list as having probably communicated the rumor to you?—A. If you give me time I will look over the list of reporters and communicate the names.

Q. What is the name of the money editor of the Tribune?—A. John F. Cleveland.

Q. Could he possibly be of the number?—A. I should think not; I have had very little conversation with Mr. Cleveland concerning Pacific Mail.

Q. How long a time do you want to consider your list of reporters?—
A. I can give you the names to-day, but I should doubt being able to give any more names of reporters who were likely to have brought the rumor to me.

Q. Are you willing to say that that rumor must have reached you from one of these three men?—A. No, I should not undertake to say that, but I think it probable.

Q. Did you stop to inquire of them the grounds on which such a rumor was supported?—A. Not in such a way as to convince myself of it at all.

Q. Did the person communicate to you in what manner the rumor said that the money had reached Mr. Dawes?—A. I think that in a general way there had been talk about some friend of Mr. Dawes having received it.

Q. Who was that?—A. I do not now recall the name. I think he has been since examined and has denied it.

Q. Do you mean Mr. Chaffee?—A. I think that that is the name.

Q. And the rumor connected my name with Mr. Chaffee as having received the money through him?—A. I should not say that it did, positively. Rumors are very vague things.

Q. Was there any other friend through whom I was said to have received the money?—A. No; I heard no other name mentioned.

Q. Was there any reason given to you for the suspicion that Mr. Chaffee had received any money?—A. Not to my knowledge.

Q. For me or anybody else?—A. Nothing that seemed to me in the nature of evidence at all.

Q. You saw Mr. Chaffee's testimony here three or four days ago; did you intimate in your paper that that relieved any member of Congress from any suspicious rumor in connection with him?—A. I did not. I do not recall the intimation having been made, although it may have been.

Q. You left the matter as it was before; was that exactly square?—
A. I think it was, considering that I had never mentioned your name, and should not now have done so, if it had not been drawn out in this way. There was no allusion to you in the Tribune which anybody could trace; there was no occasion, therefore, for any explanation.

Q. Are you ready to answer this question: whether any rumor ever reached your ears affecting me which you had the slightest ground for believing to be true?—A. I should not say (as I have said before) that I ever heard anything against you which seemed to me in the least partaking of the nature of evidence. The only ground for attaching any importance to it was the persistency with which it kept coming up. It kept coming up for years, I think.

Q. The rumor that I had had anything to do with this matter?—A. I think I was first conscious of the existence of the rumor over a year ago.

Q. You have seen me since then yourself?—A. Yes.

Q. Have you been kind enough to intimate anything of the kind to me?—A. I do not go about telling people of the unkind things I hear about them. I generally dismiss them from my mind when I can.

The CHAIRMAN. I am not speaking of your paper, for everybody knows you would not say any unkind thing in your paper, but I thought you might do it privately.

Mr. BECK. This letter of which Mr. Reid speaks probably needs a little explanation on my part. It was written to me at the suggestion

of Mr. David A. Wells, who spoke to Mr. Reid about our summoning him.

The WITNESS. He left that message for me. I did not see him myself.

Mr. BECK. Then it was that Mr. Reid wrote a letter to me which was mislaid by the messenger in some way, and I did not receive it until I got to Washington. That letter was marked "confidential."

The WITNESS. Yes.

Mr. BECK, [to witness.] Do you think that I ought to have communicated anything in that letter to anybody when it was marked confidential?

The WITNESS. Perhaps I had better answer that by saying that you did mention one part of it, and I left the whole of it to your discretion in that way. I meant by marking it confidential that it was not a thing to be talked about.

Mr. BECK. All that you did say in that letter about Mr. Dawes was this: "Dawes ought to know, and probably does know, that according to gossip, his name is also in that list." I want to say that, not knowing what to do with a confidential communication, and Mr. Reid not making any charge or intimation except as mere gossip, I thought the proper thing was to have Mr. Reid, Mr. Sypher, and Mr. Garrison summoned here, as I have done.

By Mr. NIBLACK:

Q. Has it not occurred to you that some degree of secrecy as to what is communicated to us from time to time is necessary in order to connect it with other testimony which we are in pursuit of?—A. Undoubtedly it has occurred to me.

Q. And has it not occurred to you that we may get into the possession of fragmentary information with which we want some connecting link?—A. Certainly; and two or three times to-day I have intimated that these things had better go privately to the committee. I certainly never dreamed that some of the things you have asked me would have been asked publicly.

Q. In examining the private accounts of members with the Sergeant-at-Arms, do you not think that a great deal of caution and reserve should have been exercised until we can first by some evidence connect a member's name with this money?—A. Very possibly. At the same time I doubt whether it would not be well to get at these accounts promptly.

Q. Have you any evidence that we have had all the private accounts examined?—A. Certainly not. I have only said that the public have no knowledge of it.

Q. Suppose that some members of the committee have examined privately these accounts and thought that, perhaps, some other points had better be reached in the case before any public reference was made to them, do you not think that it would be fair all around for us to reserve what information we have until those points shall be reached, if they ever shall be?—A. That is a point as to the propriety of the action of the committee on which I cannot express an opinion without a knowledge of the facts.

Q. Is it not fair to presume that men of some experience in life, as members of Congress and as public men, do act with some discretion on matters of this sort?—A. Unquestionably.

Q. Is not that the charitable way of treating the question?—A. Yes.

Mr. NIBLACK. I regret very much your cross-examination this morning, and that the names of Mr. Dawes and Mr. Wood were brought out

in an unpleasant way and unnecessarily; but they have come out, and I do not see that you could have helped it very well; but I think it illustrates the impolicy and often the injustice of the mere random examination of a witness without having some idea as to what information he possesses.

The WITNESS. I think that constant injustice is done to gentlemen of my profession in presuming that they must have personal knowledge about what they write, while, in the very nature of the case, they cannot have it once in a thousand times.

Mr. NIBLACK. I appreciate that very fully, but I think that the idea of putting yourself in another man's place sometimes is about one of the best suggestions of the age. You can realize the effect which an injurious statement against a man's reputation can have when published in a great paper like yours, and how unpleasant it is to have a gentleman's name connected with any such transaction.

The WITNESS. There is no question of that, and I was careful not to connect these names with the transaction.

Mr. NIBLACK. That is the reason why I regret that you, as editor of a paper like the Tribune, should have been called upon to speak this morning, and compelled to testify, as you have been. I think it illustrates the impolicy and injustice of relying on mere rumor that cannot be verified. I also beg of you and all others to bear in mind that there are a great many other witnesses yet to be examined; also that Mr. Irwin, who is in prison for not answering, and who has presumed to know most about this matter, may yet come before the committee and testify. Mr. King is understood to be evading the process of the committee, and so we have to reach everything in the most indirect way possible. After we are through with the examination, we will be entirely willing to be judged as to the wisdom and fairness with which we have conducted it.

Mr. BURCHARD. I wish to ask the witness if he would suggest that we would change the order of examination which we have been pursuing. We have hitherto commenced tracing the money which was paid out through the hands of the company into the hands of Mr. Irwin, and through Mr. Irwin's hands into those of the parties to whom he paid it, and through those parties down to the last man who received any of it. Would you suggest that we change that order, and bring in the 314 members of Congress, or bring in their private accounts, and examine those accounts, and require each of those members to give an account of how he came by his money?

The WITNESS. Without undertaking to make any suggestion to the committee as to the way in which it should conduct this examination and should embody the suggestions in evidence, I should say that, under the circumstances, I do think that the committee would be justified in going pretty promptly to the private accounts of the Sergeant-at-Arms. I ought to say that I did what I could, some time ago, to get at those accounts, as I believed that they would reveal a good deal, but Mr. Ordway very frankly told me that they would not. I have always supposed, however, that he referred to his public accounts as Sergeant-at-Arms, but I could not get him to talk about what I wanted to know—the private accounts which members kept with him. I think that in view of the fact that over a million dollars has been spent here by a man who is reputed to be reasonably careful and capable, and who knew what he was about, with the avowed object of getting legislation from Congress, the accounts of the Sergeant-at-Arms or any other

accounts that would show what Congressmen had unusual sums of money about that time, would be an important piece of evidence. That is my opinion.

Mr. BURCHARD. We have been occupied all the time in tracing this money, and you would suggest that we stop our examining Mr. Schumaker, and such men, and commence at the other end and make the whole 314 members of Congress present their private accounts.

The WITNESS. No, I have made no such suggestion as the stoppage of this examination, but I was going on to suggest, in addition, a careful examination of these accounts.

Mr. BURCHARD. We have not had time, as yet, to make that examination; we have been working as fast as we can.

The CHAIRMAN, (to witness.) I wish to state to you that if hereafter any rumor reaches your ears in regard to me, in connection with this subsidy, which you think is worthy of the slightest credence, you will lay it before the committee in such a way as you suppose will promote the public good, without reference to my own private character.

The WITNESS. Mr. Dawes will have the kindness to observe that I did precisely that in this case.

The CHAIRMAN. You did it in the shape of a confidential communication?

The WITNESS. I made it to a member of the committee on business of the committee.

The CHAIRMAN. What I ask you is a little broader than that; it is that you lay it before the committee. I do not suppose that Mr. Beck would for a moment suppress anything reflecting upon me, if he supposed that he was at liberty to communicate it to me; but I want you to communicate anything of that kind to the committee, in such a shape as that I cannot escape the action of the committee upon it; and if you have anything now which you believe deserving of the slightest credence, connecting my name with this transaction, you will do me a special favor to lay it before the committee. I do not mean in this remark to reflect on what you have done to-day, because I know that you did not voluntarily mention my name or that of Mr. Wood.

Mr. NIBLACK. My view of the subject is this: that if the chairman and every other member of this committee has not character enough to stand up against a mere rumor of that sort, not supported by any testimony and being nothing but a floating rumor, the chairman and all the rest of us have lived pretty much in vain.

WASHINGTON, D. C., *January 19, 1875.*

CHARLES A. WETMORE sworn and examined.

To the CHAIRMAN:

I reside in San Francisco; I am a correspondent of the Alta California and other California papers; I have been in that business since 1871, I believe.

Q. Were you in Washington during the spring of 1872, when the Pacific Mail subsidy was pending?—A. I was not.

Q. You had no particular knowledge at the time of the manner in which that legislation was procured?—A. None whatever.

Q. If you have any such knowledge now, you have acquired it from somebody else?—A. From circumstances and from the efforts of this committee to investigate the matter.

Q. You have taken an interest in this investigation, have you not?—Yes, sir; unquestionably, as it affects the Pacific coast and is a matter of peculiar interest there.

Q. You have communicated to the California papers very interesting information in reference to the mode in which this committee has pursued its investigation?—A. I shall have to qualify my answer. I do not know whether it was interesting or not.

Q. You stated in your correspondence that many Congressmen were guilty of taking bribes, did you?—A. No, sir.

Q. What did you state?—A. I said, if I recollect right, that it was charged that Congressmen would be implicated.

Q. Did you say this: "Your correspondent calls attention to his former dispatches concerning Irwin, and particularly to Irwin's hints that if the transaction is pursued many of his calumniators would suffer, and some of the committee would feel the crash?" State what you meant by that.—A. Simply to call attention to a former dispatch which I have in my pocket.

Q. In which you stated that some of the committee would feel the crash?—A. Yes.

Q. What did you mean by that?—A. Simply in connection with circumstantial evidence.

Q. What is the evidence on which you based the information to the California public that the committee was implicated or would feel the crash?—A. The basis is simply from Irwin's statement.

Q. Give us the statement on which you found it.—A. If I had the privilege of looking over my dispatches, I could tell you. There are other circumstances, but I do not recollect them now.

Q. Irwin made some statement on which you based this?—A. Yes.

Q. To whom did he make it?—A. He made the statement to Mr. Joseph Irwin, my assistant, while I was in New York, but I have since seen Mr. Richard B. Irwin, and he said that my dispatches appeared all right.

Q. Pick out of that volume before you [alluding to files of witness's correspondence which he had in his hands] so much of it as was the basis of the statement that the committee would feel the crash.—A. In my dispatch of the 29th of December I had the first reference to that subject. The substance of it was telegraphed to me from here by Mr. Joseph Irwin, my associate. I was in New York at the time. The checks had then been traced to Mr. King, and I telegraphed to my associate to interview Irwin on the subject and to get from him what he knew about the transaction. The second day after that he interviewed Mr. Irwin.

Q. All that we want is, what was communicated to you as the basis of the information to the public that the committee would feel the crash?—A. The dispatch contains its own statement. It says: "Your corespondent called upon Mr. Irwin this afternoon, and found him in good spirits. He is almost entirely recovered from his recent nervous attack. He said that, from the testimony taken before the investigating committee in New York, it appeared that they were pulling away a lower boulder that was supporting a pile of rock, which would fall and crush under it a number of his calumniators. He also hinted that some of the Committee on Ways and Means might also feel themselves affected."

Q. This you had from your assistant, Joseph Irwin, as coming from Richard B. Irwin?—A. Yes, sir. I understood that I was to be questioned in reference to some of these dispatches, so I cut them out and brought them to Mr. Richard B. Irwin, to see how far he was willing to

corroborate them, and I have his statement last night that they were all right.

Q. Is that statement in writing?—A. No, sir; I called upon him and got his statement.

Q. Did you read over this dispatch to him: "Inside parties have joined the politicians in attempting to put a stop to the investigation?"—A. He read it himself.

Q. Did he say anything about that?—A. He did not specify anything particularly about it. He read the dispatches there aloud before a company there assembled. I asked him if any modification should be made with reference to anything traceable to him or anybody else, and to give me the benefit of his information on the subject.

Q. Who were present last night when your dispatches were publicly read there?—A. I do not know the names of the gentlemen to whom I was introduced.

Q. Do you recollect any of them?—A. Yes; Mr. Senter and another gentleman were there part of the time. I think Mrs. Marden was there, and at some stage of the reading Mr. Marden was there.

Q. What is the meaning of this sentence in one of your dispatches: "Leading members of the committee, particularly Dawes and Beck, and others who at first were very severe in denouncing Irwin, have become singularly silent or slow in their pursuit of news."—A. I got that from the observation of circumstances which were very apparent to almost everybody.

Q. Tell us what they were.—A. In the first place I inquired carefully as to what the committee had been doing, and found, for instance, that evidence had been brought before the committee in New York by which a check of Richard B. Irwin's was traced to A. H. Whiting, and then I heard that the committee had subpoenaed or intended to subpoena Mr. B. C. Whiting, a brother-in-law of Senator Cole's, and I could not find that the committee was attempting to find Mr. A. H. Whiting.

Q. And so because you did not find out what the committee was doing, you charged the committee with not doing anything.—A. No; I charged that they appeared to be singularly silent or slow in the pursuit of news.

Q. What particular evidence had you that two of them were singularly silent or slow more than the rest?—A. Mr. Dawes was chairman of the committee and seemed to take a leading part in all its action.

Q. It is what I did not do that I am inquiring of. What was it that I omitted?—A. This statement related back to previous statements in other dispatches.

Q. You will observe that this dispatch of yours is dated during the holidays.—A. Yes; it is dated the night before the re-assembling of Congress.

Q. Do you not know that the information about A. H. Whiting was obtained by the committee in New York, during the holidays?—A. Yes.

Q. Had you any means of knowing whether the committee had done one thing or the other in New York while you were here?—A. No other means than what the committee gave to the public.

Q. And the committee had not given forth to the public that it had sent a subpoena for Mr. A. H. Whiting, and therefore you charged two of the committee with being singularly silent or slow.—A. That is one instance.

Q. What is the other?—A. Of course the committee will understand that I am taken somewhat at a disadvantage in being questioned in regard to dispatches sent so long ago, without an opportunity of my

refreshing my memory as to the circumstances which led me to make certain remarks.

Q. Do you know anything which these two gentlemen either did or omitted to do justifying that statement of yours?—A. No, sir; I only know from judging of the circumstances that came before me.

Q. Do you know of any one thing which they did or omitted to do, and which is the foundation of this charge, that they had become singularly silent and slow?—A. If I recollect right, I had a statement prior to that dispatch that Mr. Beck had lost his interest in the affair, or that he would not pursue it with the same interest he had done before. And while I was in New York, I heard a variety of opinions expressed by a great many people as to the effect of the discovery of money having gone to Mr. Schumaker, and that that would produce an effect on Mr. Beck's course in the committee.

Q. When did you hear that?—A. I heard it in New York, and I heard it since.

Q. When?—A. I heard it subsequent to the discovery of these checks having been traced to Mr. Schumaker.

Q. You heard it since the time of your reading Mr. Schumaker's testimony, and the time of your sending this dispatch?—A. Yes.

Q. How much time did you spend in New York?—A. I stayed in New York about a week while the committee was there.

Q. Did you go to the committee-room?—A. No, sir.

Q. You took your information as to what the committee was doing from outsiders, and did not go yourself; did you not know that the committee-room was open to the public?—A. Yes; I was not well while I was in New York.

Q. You did not go out?—A. Yes; I did go out when I was obliged to go.

Q. Can you tell us one person who communicated this fact to you?—A. I do not recollect. That is, I would not trust my recollection as to any of those specific statements.

Q. You are unable to give us the name of a single person who communicated it to you, are you?—A. I cannot recollect as to that statement, because I am satisfied that a good deal of it was made up from my own observation of things as they passed along.

Q. Do you know a single thing which Mr. Dawes or Mr. Beck did omit to do in the discharge of their duty?—A. I have no positive knowledge any further than what was furnished by the circumstantial evidence which I observed myself.

Q. Did anybody tell you of any particular thing which either of those gentlemen had done or omitted to do?—A. I cannot answer that question categorically.

Q. Do you know from any source whatever of anything which either of those gentlemen did or omitted to do which justified that remark of yours?—A. I am not a judge in this case.

The CHAIRMAN. We consider you a witness.

A. I do not mean to be disrespectful at all to the committee, but I cannot say positively that I know a thing. Very often a thing is very clear to a man's mind when he cannot give any authority for it. I was obliged to make up my dispatches from a variety of statements and incidents.

Q. Can you tell us one of that variety of statements and incidents which led you to charge two members of this committee with having either done or omitted to do something which was their duty in this investigation?—A. I have referred to the incident of Mr. A. H. Whiting.

Q. What did they do or omit to do in reference to Mr. Whiting?—A. As I said before, I have not any proved information on the subject to refer to as a fact that a thing was so.

Q. Is it true or is it not true that you have not now the slightest foundation for that statement?—A. No, sir; I do not think that that is so.

Q. Then state to us what the foundation is.—A. I was informed that the committee had not subpoenaed Mr. Whiting.

Q. Who told you that?—A. I cannot recollect; I cannot trace any specific statement to a particular person.

Q. Did you make inquiry of any of the committee as to whether Mr. Whiting was summoned or not?—A. No, sir; I did not.

Q. Or of any officer attending on the committee?—A. No, sir; I did not.

Q. And you made the charge without having made this inquiry?—A. Yes.

Q. Do you know who was the chairman of the committee which conducted the examination in New York?—A. I believe that you were chairman.

Q. Having charge of that examination?—A. Yes, sir.

Q. Did you make any inquiries to ascertain that fact?—A. No, sir.

Q. Had you knowledge enough about what the committee was doing in New York to know whether that was so or not?—A. Only from the reports that I saw in the papers.

Q. Did you see any report in the papers intimating that I was chairman of that subcommittee?—A. I have not stated that here. I have not charged that in any sense.

Q. Do you not know that Mr. Burchard had the conduct of that examination in New York, as chairman of the subcommittee?—A. I think I was informed of that fact.

Q. What made you state then that you supposed I had?—A. Simply from your activity in the case in the beginning.

Q. If my activity in the case attracted your attention, why did you state that I had become singularly silent?—A. So I supposed and so I believed after that time.

Q. Which was it, that I was singularly silent or singularly active?—A. I referred to your previous action in the matter.

By Mr. BECK:

Q. In your dispatch of January 4th is this statement: "Leading members of the committee, particularly Dawes and Beck and others, who were at first very severe in denouncing Irwin and in calling for an investigation, have become singularly silent or slow in the pursuit of news." Tell us what reason you had for making this statement, that I was very severe in denouncing Irwin and in calling for an investigation. If you know of any denunciation of Irwin by me, please to state it.—A. The phraseology there may not be absolutely correct as to your denouncing Irwin, but it refers to your efforts in bringing Irwin to the bar of the House, &c.

Q. If you have heard of any denunciation or words used by me looking like denunciation, I want you to state them.—A. I think that if I were to go back to the record I could do so. I think I would find in your speeches or remarks things tending very severely against Mr. Irwin in this matter.

Q. In what regard?—A. The action of the committee toward Mr. Irwin may have partially actuated that dispatch.

Mr. BECK. I want my own action now, nothing more.

The WITNESS. Perhaps your vote may have indicated to me the idea, and if the committee will give me the opportunity to go back and find where I got my impressions, I will be able to inform the committee.

Q. Can you tell any word that I ever used in denouncing Mr. Irwin?—A. I do not know that I can.

Q. Have you any reason to believe that I used any words in particular denunciation of him?—A. I think I will qualify that, so far as denouncing Mr. Irwin, personally.

Mr. BECK. I want to say to you here, that there is not a word of truth in it, and if you think you can find out any proof of it, find it.

The WITNESS. I think I am wrong there. If I could get my original dispatches they might modify the dispatches as printed, because errors are very often made on the wires and in making up the dispatches.

Q. You also say that Dawes, Beck, and others were active in calling for an investigation. Do you recollect anything that Mr. Dawes or myself did toward calling for an investigation; do you not know the fact to be that this matter was sent to the Committee on Ways and Means without the consent of the committee, and that we tried to have it sent to some other committee?—A. That is a part of the same answer that I made before, that if the committee would give me an opportunity to go back to the record, I could show that my dispatches in that respect were justified. I may have taken my ideas from the debates which I have listened to or read in the House.

Q. Do you recollect any call by Mr. Dawes or myself for this investigation? Do you think that the record will show any such thing?—A. I think so—that there was a demand made for the testimony of Mr. Irwin.

Q. I suppose, therefore, that all you mean in this is, that when the matter did come before us, we pursued it earnestly. That is what you meant?—A. Yes, sir.

Q. And only that?—A. That is all.

Q. This dispatch is dated on the 4th of January, before Congress met after the holidays, and you say that we have become singularly silent or slow in the pursuit of news. Do you not know that I was in New York during all that investigation there?—A. Yes.

Q. Do you know of any question which I omitted to ask a witness that ought to be asked, or did you hear anybody say that I failed to ask a single witness a question which would elicit the truth?—A. I heard statements made that the committee had refused to call for or had neglected to call for evidence which was brought to their attention. For instance, books of the Pacific Mail Steamship Company for 1872. I was also informed that Mr. Irwin was not permitted to go into certain evidence, and that a page of his evidence was torn out by Mr. Dawes.

Q. Bearing on what subject?—A. Bearing on the relations of Mr. Irwin to stock-operations.

Q. You have answered to this committee that it was told you that after Mr. Schumaker was implicated, it was believed that I would become suspiciously slow; do you know any fact that indicates that there is any truth in that intimation, or that shows that I have in any shape or form done anything which indicated a letting-up on Mr. Schumaker, or a failure to investigate all the facts?—A. I was so informed several times while I was in New York.

Q. What I want to get at is whether I have either failed to ask a question that should be asked, or to endeavor to get every fact out of Mr. Schumaker. Do you know anything on that subject?—A. I simply

know that Mr. Schumaker has not yet testified before the committee what he has done with the money, and that no efforts are being made to expel him or to put him in jail like Mr. Irwin.

Q. Do you know the fact that Mr. Schumaker has not yet been discharged as a witness, and that he has answered every question asked him by the committee?—A. It does not appear so from any public statement.

Q. Does anything to the contrary appear? Has the committee failed to ask him any question that ought to be asked him?—A. I do not know.

Q. And do you not know the fact that Mr. Schumaker is still a witness before this committee?—A. I do not know that.

Q. This dispatch of yours bears date January 4th, before the committee re-assembled in Washington to examine Mr. Schumaker.—A. Yes, I was told in New York on various occasions that Mr. Schumaker was in town and was walking on Wall street.

Q. What significance has that?—A. My inference from that was simply that the committee had not found out where he was.

Q. Do you not know the fact to be that the subcommittee was sent specially to New York to examine the books of bankers and brokers, which could not be brought here without great expense and inconvenience, and that Mr. Schumaker and Mr. King, and every other witness who could be brought here was to be brought here before the full committee, and that summonses were sent for them all, and that special deputies were sent for all, including Whiting? Why did you not ask the Sergeant-at-Arms, if you wanted to ascertain the truth, instead of blackening members of the committee by indirection?—A. If the committee will allow me to go back on my dispatches published previously, I think they would throw some light on this question, because they are continuous in character.

Mr. BECK. If I have done anything wrong I want the charge to be made; and if the witness knows anything that I have done or omitted to do, I want you to tell it out now before the world.

The WITNESS. I simply know it as I have observed the results of the committee's work.

Q. And did you not think that the result of the committee's work in New York was to make as thorough an investigation as could be made under the circumstances and within the time? Have you read the testimony there?—A. Yes.

Q. Has it occurred to you that it was as full as it could be made within the limited time?—A. In one of my previous dispatches, I stated, as I was informed by Mr. Irwin, that the attorneys of the railroad companies were not going to be idle, and that they intended that certain information should come forth, and that the committee had so far refused to summon witnesses that had been called for. He told me at the time that the committee had refused to admit his evidence on the subject of his connection with stock operations, and that Mr. Dawes had torn from the testimony offered by him a page on that subject, and had left him without any statement to go before the public. And he said that if the committee thought that that was to go on, it would be mistaken, because his counsel or his attorneys would not be idle, and the committee would be compelled to have certain witnesses brought before them.

By Mr. BECK:

Q. What reason, if any, was given to you as to why I would not examine Mr. Schumaker?—A. Because he was a democrat.

Q. Was that the only reason?—A. Yes.

Q. I did not know but that somebody might have told you that I had had part of the money?—A. No.

Q. You speak in your dispatch of "strange rumors being afloat regarding Mr. Beck and the Pacific Mail subsidy." What are they?—A. I expect that part of that statement arose from very strange rumors which I had heard, that you would not pursue the matter now that Schumaker was involved in it.

Q. That I would "weaken on" a democrat?—A. Yes; the rumors, I think, came to me that Mr. Fant had sent somebody to you; and there was some reference made to checks having been traced, or something of that kind.

Q. Checks traced where?—A. To you.

Q. Who told you that?—A. I do not know that there was more than one check.

Q. Who told it to you?—A. The statement came to me from a party whom I do not recollect.

Mr. BECK. I want the man's name.

The WITNESS. I think it can be verified through Mr. Fant.

Mr. BECK. Give me the man's name.

The WITNESS. It was not stated to me as a fact, and I did not publish it as a fact, and I do not state it now as a fact.

Mr. BECK. I want the author of the rumor. Give the name of the man who told you.

The WITNESS. I appeal to the committee. I have not charged anything here.

The CHAIRMAN. No matter about that. Answer the question.

Mr. BECK. If you have not charged anything directly, you have done it by indirection. It is a flat lie, which you should be glad to clear yourself of by telling its author.

The WITNESS. I have not stated it.

Mr. BECK. Tell us who told you what you did hear.

The WITNESS. The information came to me from a friend of mine.

The CHAIRMAN. You know your friends. Give the name.

The WITNESS. It is impossible for me, without seeing him first, as it was in the nature of confidence.

Mr. BECK. There can be no confidence in such a matter.

Mr. NIBLACK. I insist upon the question being answered speedily.

The CHAIRMAN, [to witness.] Will you answer, or do you decline to answer?

The WITNESS. I shall have to decline to answer until I see the party.

Mr. BECK. I put the question to you again. I have already put it in a form which I thought would certainly require an answer from any one calling himself a gentleman, when I said that it was a baseless, malicious lie. Now, I again put the question to you. Tell us the name.

The WITNESS. If the committee will give me until to-morrow, I will ask the party for permission to state his name.

Mr. BECK. The committee will not give you, with my consent, one moment.

The CHAIRMAN. Let us understand. Do you decline to answer the question?

The WITNESS. I must decline until I can see the party.

By the CHAIRMAN:

Q. State to the committee whether Mr. Irwin stated to you that he had taken from his testimony a single word of what he testified to before

the committee.—A. I do not know whether the evidence that he alludes to was sworn to or not. I was told that it was not admitted into the testimony; that it was written out by him and offered as testimony, but was refused, and that he was not allowed to swear to it.

Q. Did he not state to you that it was a statement which he had written out of the committee-room, and appended to his testimony without the knowledge of the committee?—A. He did not.

Q. Did he tell you that it was anything which he had testified to before the committee?—A. No; I believe he told me, as I have stated before, that after being requested by the committee to make any further statement in writing which he could swear to, he had prepared this, and that it was excluded.

Q. Did he tell you that he was requested to write out anything which was not before the committee and append it to his testimony?—A. That is my recollection exactly. I will not say that it was that he was told so by the committee; it may have been that he was told so by you.

Mr. Clark Bell, attorney for the Pacific Mail Steamship Company, presented and read to the committee the following resolutions of the board of directors of that company :

“Extracts from the minutes of a special meeting of the board of directors of the Pacific Mail Steamship Company, held at the company's office on Saturday, the 9th day of January, 1875.

“Whereas it now appears that large sums of money were fraudulently abstracted from the treasury of this company during the years 1871, 1872, and the first five months of 1873, by Alden B. Stockwell, then president of this company, and claimed to have been expended by one Richard B. Irwin, then one of the agents of this company at San Francisco, and other parties, without the knowledge, authority, or approval of the board of directors, or the stockholders of this company, which abstractions were covered and concealed from the knowledge of the board of directors by false and irregular entries upon the books of this company; and

“Whereas it is now falsely claimed and pretended that a large amount of the money, so irregularly drawn from this company, was unlawfully used and expended in Washington for the corrupt purpose of influencing legislation by the Congress of the United States, during the years 1871 and 1872, in favor of this company; and

“Whereas this company is advised and informed that certain persons who have been, or may be, called as witnesses to testify before the House Committee on Ways and Means, upon the pending congressional investigation, have, or may, refuse to answer certain questions, on the ground that they were acting in the relation of attorney or attorneys for this company, without the consent of this company to so answer; and

“Whereas this company has never authorized the expenditure of one dollar in money, either to corrupt any member of Congress, Senator, or officer of the Government, or to improperly influence legislation in its behalf by Congress, and has never employed any attorney or counsel, or person for such purpose, or any improper purpose in connection with securing favorable legislation by Congress: Now, therefore,

“*Resolved*, That any attorney, counselor, or person claiming to have acted as such for this company, in relation to the legislation of 1872, claimed to be in favor of this company, and now under investigation by Congress, is hereby fully released from any professional obligation not to testify, and he is hereby authorized and requested to testify fully before

such committee—this company waiving all its rights in that behalf as between attorney or counsel and client.

“*Resolved*, That Rufus Hatch, managing director and executive officer of this board, or Clark Bell, esq., its attorney and counsel, is hereby authorized and directed to present a copy of these resolutions to the chairman of the Committee on Ways and Means, or to any person so refusing to answer as a witness before such committee.

“I, Thomas T. Gamble, secretary of the Pacific Mail Steamship Company, certify that the foregoing preamble and resolutions are a true copy from the minutes of a meeting of the board of directors of said company held at the company's office on the 9th day of January, 1875.

“In witness whereof I hereunto subscribe my signature and affix the corporate seal of the company, this 11th day of January, A. D. 1875.

[SEAL.]

“THOS. T. GAMBLE,
“*Secretary.*”

The chairman submitted the following telegram:

NEW YORK, *January 18, 1875.*

To N. G. ORDWAY, *Sergeant-at-Arms*:

Some one has been hoaxing the committee. I know nothing directly or indirectly about any subject, celestial, terrestrial, or devilish, within inquiry of the committee. My incessant professional engagements forbid my coming.

A. OAKLEY HALL.

Mr. Niblack also submitted the following telegram:

TERRE HAUTE, *January 18, 1875.*

Hon. WILLIAM E. NIBLACK or Hon. J. B. BECK,

Washington, District of Columbia:

Specials from Washington to the Saint Louis Democrat, Cincinnati Gazette, and Chicago Inter-Ocean seek to implicate me in the Pacific Mail subsidy on Dillon's testimony. No greater outrage was ever perpetrated. Took leave of absence May 21 for the balance of the session, knowing nothing about the bill. I had no thousand-dollar bill at that time, nor the tenth of it, and I made no deposit of any amount with any one. If necessary for my vindication, summon me at once. I court and defy investigation. I never heard tell of the lobby in the interest of the subsidy. My innocence is absolute, and must be made to appear.

Answer.

D. W. VOORHEES.

Adjourned.

WASHINGTON, *January 20, 1875.*

SCHUYLER R. INGHAM sworn and examined. (Before a subcommittee consisting of Messrs. Roberts and Niblack.)

Mr. ROBERTS. State your residence and occupation.—Answer. For nearly a year past I have resided in Chicago. I am not engaged in any active business at present.

Mr. ROBERTS. You were subpœnaed in consequence of your name being mentioned on the list of persons to whom Mr. Charles Abert paid money belonging to the Pacific Mail Steamship Company?

The WITNESS. Permit me to correct you. I was not subpœnaed, I

came here voluntarily. I understood that my name was mentioned in the paper, and therefore I came on.

Mr. ROBERTS. Then I understand that you desire to make a statement in regard to your name appearing on Mr. Abert's list?

The WITNESS. Yes, sir.

Q. You are the person whose name appears on that list as Mr. Ingham simply, to whom \$5,000 was paid by Mr. Charles Abert?—A. I am. That is, I suppose, he is the person who paid me. I did not recall the name.

Q. You did receive the \$5,000 from Mr. Abert?—A. Yes, sir.

Q. Did you receive any other money of the Pacific Mail Steamship Company?—A. Yes, sir.

Q. How much?—A. Five thousand dollars.

Q. In addition to the first \$5,000?—A. Yes, sir.

Q. From whom did you receive it?—A. From Mr. Irwin.

Mr. ROBERTS. If you prefer to make a statement in your own words you may do so.

The WITNESS. During the winter of 1871-'72 I was interested, with other gentlemen, in a bill before Congress for the irrigation of a tract of land in Bear River Valley, Utah. While here looking after that bill before Congress, the bill for the Pacific Mail subsidy was introduced in the House, and somebody, I cannot tell exactly who, told me that Mr. Irwin wanted to see me. Whether I was told so, or whether he wrote me a note, I am unable to recall at this moment; but at all events I went to Mr. Irwin's house, near the Arlington, and sent up my card. Mr. Irwin came down and called me into an adjoining room, and said that he understood that I was interested in a bill before Congress, and that he had reason to believe that I could be of some service in assisting the subsidy bill. I replied to him that I did not know that I could be; that I did not suppose I would be able to do much for myself, and that I did not know that I would be of much use to him. He gave me some little details of the matter, and finally I said to him, that if they would take hold and assist me to get my bill through, I would do all that I could for them in a proper, reasonable way. He remarked that they could better afford to pay \$10,000 than to do anything of that kind, because they did not want to load themselves down with other matters, but wanted to give exclusive attention to their own bill. I told him that the matter of \$10,000 would be really of no service to me; that if he could get my bill through it would be a much greater consideration to me, and that I thought that I could be of service to them, and they to me, and that I would like to reciprocate the favor. He repeated that it would be much easier for them to make a money consideration. I then told him that I should not be in Washington all the time; that I should only be back and forth here; that I had been a broker in New York, and was sometimes operating in the street, and that I had some other business interests to attend to in New York, but that I would be back and forth during the winter, and then asked him something about the value of the stock and the merits of the company, &c. He said that he had been on the Pacific coast all the while and did not know much about the intrinsic value of the stock, or about the New York operations in the street. I told him that when I came through I found that the house with which I usually did business in Wall street, kept by an old partner of mine, was largely short of the stock, and I called his attention to the fact as an incident which ought to be looked after, remarking that if people got short of Pacific Mail stock they would be interested in trying to defeat his bill. We talked further about the bill and about its merits, and I finally told him that I would think the matter over and let him know. I went away and

within a day or two I returned to his rooms, and told him that I had thought the matter all over and that I saw no good reason why I could not undertake to aid him; that I was occupying no position which would prevent my doing so and that I would undertake to do what I could for him. He said, "Very well," and he went on and gave me further facts and figures about the China trade, and all the advantage which the passage of the bill would be, and he said that if the bill passed he would do what was right about it. It was left in that shape. I went away and did take hold, and did what I could among my friends to favor the idea of the passage of the bill; I did so both here and in New York, and advised my friends in New York that they had better avoid being short of the stock. I was not here at the time that the bill passed finally; I was in New York, but I came on here within a few days after its passage, and went up to Mr. Irwin's rooms again to call upon him. He was not there, and was reported as being in New York; but a gentleman, whom I suppose now to be Mr. Abert, said to me that Mr. Irwin had instructed him to pay me \$5,000. I said, "Very well." He counted out the money in large notes and paid it to me, and within two or three days I went to New York and deposited that \$5,000 to my credit with S. B. White, No. 8 Wall street, where I was keeping my bank account. Soon after that, not very many days, I went West to Utah, where I had a herd of cattle, and where I was interested in a couple of herds, and also in some mining interests. Soon after getting there, in July I think, I went to San Francisco to see to the sale of some beef-cattle which I had, and there I called upon Mr. Irwin, in accordance with an invitation he had given me. Mr. Irwin, in the course of the conversation, asked me whether his secretary or his confidential man had ever paid me \$5,000, and said that he had expected to see me again before leaving the East. I told him that he had. "Now," said he, "about the balance; did you want to use money here?" I said that I might want to use a little of it; he said if not that he would give me a check for the amount on New York. I said, "Very well." He gave me his check on New York for \$4,000, and gave me \$1,000 there, either in currency or by a check on the Bank of California. I think that the check for \$4,000 was on the American Exchange Bank of New York. That \$4,000 check I sent to the First National Bank, at Salt Lake City, Utah. I remained in San Francisco a few days longer, and when I was leaving I had a certificate of deposit for eight or nine hundred dollars from the Bank of California, and deposited that also in the First National Bank at Salt Lake City. I then gave a check to Mr. Hussey, the president of the bank, for \$3,000, which he had advanced me in my cattle-operations there, and for some five or six hundred dollars interest, which I had collected for him in New York. The balance of the money I checked out in the way of expenses, &c. A part of the \$5,000 which I had deposited in White's in New York was lost in the depreciation of some stock which I had on hand, and the balance of it was checked out from time to time. If a dollar of the money found its way into the pocket of a member of Congress, or of a Senator or Government officer, I do not know it. Those are essentially the facts of the case.

Q. At what time was your interview with Mr. Irwin here in Washington?—A. I cannot state exactly, but I think it was after the subsidy bill was reported to the House; that is my impression.

Q. Have you stated the whole arrangement which you made with Mr. Irwin?—A. Yes, sir, everything; I have stated the facts as they occurred.

Q. What special service do you think you rendered for the \$10,000?—

A. That is a very difficult question to answer; I have asked myself that same question many a time. Of course, on all occasions wherever I met friends, and where the subject came up in conversation, I spoke of the bill as favorably as I could. If, in conversation, I found a man favorable to the bill, of course that was all that there was about it, but when I found a person unfavorable to it I brought to bear upon him such arguments as were often heard on the floor of the House at that time in favor of the measure. That is about all that I did; I simply talked on general principles, just as I did in regard to my own business.

Q. Was there any member of Congress whom you were expected to influence?—A. No, sir.

Q. Was there any suggestion made as to the names or number of members whom you were expected to influence?—A. No, sir.

Q. Was there any expectation, when this arrangement was made, that any particular advantage accruing from this money should go directly or indirectly to any member of Congress?—A. None whatever, so far as I know.

Q. Not by loan or advance of money in any way?—A. No, sir; there was not a member of Congress who knew that I was employed in the matter, to my knowledge.

Q. You spoke of having been dealing in stocks in New York; were you interested with any member of Congress in this Pacific Mail stock?—A. No, sir.

Q. Was there any understanding that any member of Congress should have any share in possible profits in the transaction?—A. None whatever.

Q. You were interested in the Pacific Mail stock in New York?—A. Yes; I operated in a few shares, but I was a little shy of it.

Q. In any such operations was any member of Congress, or any officer of either House interested, directly or indirectly?—A. No, sir; it was simply on my own account entirely.

• Mr. ROBERTS. The committee is anxious to get at why such a sum as \$10,000 (which seems to have been a common sum paid) should be paid to any particular individual, and what the nature of the service expected was; can you give us any light on that subject?—A. I can only say just what I have said. Mr. Irwin knew that I had friends and acquaintances here, and he expected me, of course, to try and influence my friends in favor of his bill. I cannot think of anything else that I was expected to do.

Q. Were any friends suggested in any way whom you were to try to influence?—A. No, sir.

Q. The expectation, then, was that you would influence your friends in favor of the measure?—A. I cannot account for it in any other way, and I suppose that must have been the idea; he wanted that I should do for him what I could, and I promised to do so, both here and in New York.

Q. This suggestion of influencing friends included friends in both Houses of Congress?—A. I suppose so; but do not understand me as saying that he suggested anything of that kind. This is but my own idea of what he wanted; I said to myself, "He expects me, of course, to try and influence my friends and acquaintances in favor of his bill here." That was all that I could imply from his conversation in any shape or form.

Q. Was there anything said by which either you or he understood at the time who those friends in either House were?—A. No, sir; there were no names mentioned or talked about.

Q. Can you tell us whether, in fact, you did influence your friends?—

A. As I said before, that is a very difficult question to answer. For instance: meeting a gentleman casually, and the subject coming up, and he expressing himself as already in favor of the bill, nothing more need be said to him on the subject; but if he were opposed to the bill, and if I felt at liberty to talk to him in favor of the bill, I did so. Whether that member of Congress subsequently voted in favor of the bill in consequence of what I said to him would be a very difficult matter for me to say. I could not tell whether I had the slightest influence or not unless the man promised to vote for the bill in consequence of what I said to him, and nobody ever did make me such a promise.

Q. Can you name any person whom you think you did influence?—

A. No, sir; I do not think I can.

Q. Did you, during the time of the pendency of the bill, make any report to Mr. Irwin?—A. No, sir; I do not think I met Mr. Irwin but once after my first interview, and that was at the Capitol, either in the lobby or in the rotunda; I met him for a moment.

Q. Did you give to Mr. Irwin or send to him the names of any persons whom you expected to influence?—A. I did not.

Q. Or whose vote you thought might be counted on for the bill?—A. I did not.

Q. You made no tally-list encouraging hopes of votes?—A. No, sir; I made no list or anything of the sort.

Q. You did speak to members of Congress in favor of the bill. Did you lead any of them to understand that you were a paid attorney for the purpose?—A. No, sir; I do not think that any member knew anything of it.

Q. At the time when the money was received you gave Mr. Irwin no reason to believe that any member of Congress was to receive any part of it?—A. No, sir.

Q. And as a matter of fact no person at that time did receive any part of that money?—A. None whatever.

Q. Since then have you made any division of that money, or given any valuable consideration to any member of Congress for his action on the bill?—A. In no shape whatever.

Q. Neither by loan, transfer of stock, or otherwise?—A. Neither by loan, by implication, or by any means that can be named.

Q. We have pressed in other cases the detail of the use of the money received. Can you go any more into details as to the use of the money than you have done?—A. Not without being able to get my accounts to show how I checked the money out. It went into my business just as a salary might if I drew it from month to month and used it.

Q. You stated that the money which you deposited in New York was, in a large part, lost in stock operations. Can you state about how much was lost in that way?—A. I cannot tell exactly. I simply know that I lost on some stocks at that time; Western Union Telegraph stock, Rock Island stock, and, I think, some Pacific Mail stock.

Q. Can you say about how much you lost; \$1,000?—A. It must have been more than that; perhaps in the neighborhood of \$2,000 or \$3,000.

Q. Can you tell us any more in detail as to the rest of the money?—A. I simply checked it out for expenses as I happened to get it from time to time. I usually kept my bank accounts, but this account was with an old partner of mine, S. B. White, No. 8 Wall street, and I did not keep any account of it.

Q. Can you give us any more in detail the use of the money which you deposited in the First National Bank of Salt Lake City?—A. I gave

a check to Mr. Hussey, the president of that bank, for \$3,500 or \$3,600. The balance of the money was checked out in small sums. I have a memorandum-book which may give some light about the Salt Lake matters, (referring to a memorandum-book of cattle transactions, &c., in Utah.) On July 29th, 1872, I deposited in the First National Bank of Salt Lake City, \$4,000, by a check on the American Exchange National Bank of New York; and on August 2d I deposited a certificate of deposit for \$900 from the Bank of California, which was the balance of the \$1,000 which I received from Mr. Irwin, in San Francisco, and which I had not used. On the same day, August 2d, I gave a check to Warren Hussey for \$3,679.41. Three thousand dollars or thereabouts of the money was for a loan to me in my cattle-operations out there, and the balance was some interest which I had collected for him in New York on a call loan, and the interest due on my own loan from him. The balance of the account seems to have been drawn out in little checks. I find, for instance, checks to myself for \$100, \$50, \$100, \$72, and so on. These were for personal expenses, and to pay my hands out there.

Q. Name the largest check other than those which relates to that money.—A. One hundred and seventy-three dollars and sixty cents for freight on a car-load of lumber sent to my ranch.

Q. All this money was checked out by you in your general business, and that was the largest check?—A. Yes, sir.

Q. When was that account balanced?—A. On December 5, 1873. I drew a check for \$95.30, and that balanced the account, according to my figures.

Q. Is there anything in that memorandum-book referring to your transactions in New York City?—A. No, sir; it is merely a memorandum-book of affairs out West.

Q. And you have given us all the information that you have about the details out there?—A. Yes, sir.

By Mr. NIBLACK:

Q. Where did you reside during the winter of 1871-'72?—A. In 1869 I was obliged to close up business in New York on account of ill-health. While I regarded New York as my home, or rather as my headquarters, yet for three or four years I was there but little. I was traveling in California and out in the mountains trying to seek such a climate as was best suited to my health, not having my home at any particular point. My children were at school and my wife was with me.

By Mr. ROBERTS:

Q. Did you have such a residence during 1871-'72 as to be a voter at any place?—A. I do not think I did.

Q. Was there any friend of yours in either House whose action on any committee, or in the House, you influenced or sought to influence in favor of that subsidy?—A. No, sir; there was no one whom I could use or influence in the slightest. While I talked with all my friends and acquaintances in reference to the bill, I cannot say that I had the slightest influence on any single vote.

Q. My question was whether you sought to influence any vote?—A. Only in the way of talking in favor of the bill in a general way, whenever it was proper and when I could do so.

Q. Did you let any friends of yours in either House understand that it would be for your advantage in any way that the subsidy should pass?—A. No, sir; in no shape or form.

Q. Was your fee to be contingent on the passage of the subsidy?—A. Entirely so, as I supposed, from the fact that Mr. Irwin said that if the bill passed he would do what was right about it.

Q. Did you let any friend of yours in either House understand that fact?—A. I did not.

Q. Will you state to us the entire time covered by the services which you rendered?—A. I cannot recall the day when I had this first interview with Mr. Irwin, but my impressions are that it was soon after the bill was reported to the House. I have tried to recall it, but I have no memorandum or anything by which to refresh my memory.

By Mr. NIBLACK:

Q. In brief, you disclaim having attempted to exercise any influence on anybody except simply by argument?—A. I did not attempt to influence any member of Congress or Senator, or Government officer, in any other manner than by argument, giving reasons that were frequently stated on the floor of the House.

By Mr. ROBERTS:

Q. Although you made no arrangement with Mr. Irwin to have him and his friends support your bill, at the time of your interview, did they in fact support your bill in consideration of your services to them?—A. No, sir; Mr. Irwin told me that he could not undertake to do it.

Q. But now I ask you whether, subsequently, he did in fact do it?—A. Not to my knowledge; I have no idea that he did.

Q. Did you render, for the money which you received, any services to Mr. Irwin or the Pacific Mail Steamship Company other than you have stated?—A. No, sir.

WASHINGTON, D. C., *January 20, 1875.*

CHARLES H. HARNEY sworn and examined.

By Mr. BECK:

Question. State your name, residence, and business.—Answer. My name is Charles H. Harney; residence, New York City; business, banker and broker.

Q. How long have you been engaged in business in New York?—A. About twelve years.

Q. From what State did you go?—A. From Lexington, Kentucky.

Q. State how long you have known me?—A. I have known you since I was a boy of about nineteen, and I am now forty-one years of age.

Q. State what you know about the Pacific Mail subsidy, the introduction of Mr. Wiley to me, and any other matter connected therewith.—

A. The first I knew of the matter was when Mr. Wiley solicited from me a letter to you, suggesting that he wished such a letter as would be of service to him in recommending him to you, with a view to obtain your support upon the question of the subsidy which was about to come before Congress. I asked him why he wanted a letter, and he went on to say that Mr. Stockwell had agreed that if he could obtain your support he would give him an interest in some puts and calls on the Pacific Mail stock. I said, "George, I see nothing wrong in that; I will write you a letter to Mr. Beck." I did so.

Q. State the general character of that letter. Did you intimate to me anything about any calls or puts?—A. Not at all. I merely wrote, saying that I introduced Mr. George Wiley, a friend and customer of our house; that he visited Washington City interested in the Pacific Mail

subsidy, and that if you could conscientiously support the bill I would like you to do so. It was a general letter.

Q. How early was that?—A. I hardly remember the winter. I think it was 1872-'73. It was very early in the beginning, and before scarcely any publicity had been attached to the Pacific Mail affairs.

Q. Do you remember whether it was as early as February, or about February?—A. I could not say that it was; but my impression is that it was about that time.

Q. After that time, did you see any proceedings in the matter, hear anything about it, or did you ever talk to Mr. Wiley about what I had done?—A. None whatever, except that after a while Mr. Wiley came back. First, however, he wrote me from Washington, asking if I could not write another letter to Mr. Beck and make it stronger. I wrote him that I could not; that I considered, after the letter I had written, any more in that direction would appear as an insult. I declined to do so.

Q. After that did he make a report to you?—A. He returned. The thing progressed; there was a good deal of excitement in Wall street attending the passage of the bill. I noticed that you made speeches against it, and when George came back I thought he was a little cut down that his influence had not been sufficient with you to get you to support the measure. I said nothing at all to him about it.

Q. About the last of December I wrote you a note, calling attention to a telegram which, I am sorry to say, I have searched for in vain. It was a telegram which purported to have come from Mr. Wiley to me. Do you remember my letter to you on that subject?—A. I do not remember the exact date, but I know it was written some month or so ago. That letter which I received from you stated that you had gotten a dispatch, signed G. W. Wiley, somewhat to this effect: "Don't go too far." You said in your letter also: "I hate mysteries; can you explain? I don't know what it means, unless it alludes to the Pacific Mail affair." I think it was about that time that the committee was organized and was meeting. That letter I immediately handed to Mr. Wiley, expressed my astonishment at it, and asked him if he could explain.

Q. [Handing letter to witness.] Did he submit that reply to you before he sent it?—A. I think he did. He submitted a reply to me. When I submitted that letter to him I said, "I suppose you can explain?" He said, "Certainly I can; I didn't send such a dispatch." He can tell you more about that matter than I can.

Q. Do you remember that I said to you in that letter that I did not know Mr. Wiley's address, and therefore wrote you upon the subject, as you had introduced him to me?—A. Yes, sir; you said that you had received some communication through him from me; that you had seen him in my office, or something of that kind.

Q. In the Republican of yesterday morning this editorial appears:

"It is observable in the testimony of H. G. Fant before the Committee on Ways and Means that he testifies he employed one G. W. Wiley to see Congressman James Beck, of Kentucky, as to his course on the Pacific Mail subsidy. It is true that Mr. Beck claims to have spoken and voted against the subsidy. In a republican House of two-thirds majority, might not that have been the very thing wanted of Mr. Beck to insure the passage of the bill? Why have not the committee called Mr. G. W. Wiley? Why was Mr. Wiley, a New Yorker, engaged with the house of Harney & Searl, brokers, 67 Exchange Place, New York, sent to Mr. Beck? May it not appear that a distinguished democratic Senator from Missouri received, say, \$30,000 through calls on the Pacific

Mail through Stockwell, paid through Harney & Searl? May not an examination of Harney & Searl's books, Stockwell and his books, show to whom that was paid and how it was divided? Let this branch of the subject be investigated by the present Congress."

Do you know, or have you reason to believe, or have you information that would tend to induce you to believe—putting it in the broadest possible sense—that any one ever applied to me, offering me money, or giving me money, or suggesting that I could get money or other thing of value, or stocks could be carried for me, or anything else in any shape or form?—A. You can make it just as broad as you like. I would not suppose that any man would dare to do it. Of course I do not.

Q. Did you ever hear of any information that anybody had on that subject, or did you ever know of anybody suggesting anything about it?—A. I never heard of anything of this kind until the newspaper article appeared.

Q. So far as you know, I believe you have been the only man with whom I have done business in New York since you have been there?—

A. I have always supposed so. You were a friend of ours, and whenever you came to New York and had anything in our line of business to do, or whenever you had anything to communicate through the mails, you always did it with us, I judge.

Q. Did you ever hear of my doing business anywhere else in that city?—A. I never did.

Q. Your books are referred to in that article. Was there ever anything on your books, either in the shape of money, stocks, calls on stocks—state it in any form you please—in which I was connected, either directly or indirectly?—A. Never, sir.

Q. Did I ever deal in any stocks to your knowledge?—A. Never.

Q. Did you ever hear of my doing so?—A. This whole matter is so absurd that I hardly deem it worth denying. I will, however, answer your questions as you go along. You never had any transactions in stocks, either directly or indirectly, with Harney & Searl or myself, or anybody else, that I ever heard of. I can say that with all frankness and truthfulness.

Q. You are the only correspondent, so far as you know, whom I have in New York?—A. That is so, as far as I know.

Q. In reference to the last portion of that article in the Republican, I wish to make my question to you as to the carrying of stocks or interest in stocks, or anything that your books show, very broad. Was there anything carried on your books in the name of any human being in which I had any interest, either directly or indirectly?—A. No, sir; none at all.

By Mr. ROBERTS:

Q. I think it would be as well for the witness, now that he is here, to answer as to other members of Congress. Did you ever carry any stock, or in any way render any service for any member of Congress for his vote or influence upon the question of the Pacific Mail subsidy?—A. I never did.

Q. Did you in any way have any relation with Mr. Irwin in this transaction?—A. Never; I do not know the gentleman; have never seen him.

Q. Did you have any knowledge, or did you have any information which led you to believe that any member of either House was interested at the time in the stock operations of this company?—A. No, sir; I never did.

By Mr. BURCHARD:

Q. Were you here at the time of the passage of the subsidy?—A. No, sir; I was in New York.

Q. Had you anything to do, directly or indirectly, with the passage of the bill?—A. Nothing whatever.

GEORGE W. WILEY sworn and examined.

By Mr. BECK:

Question. State your name, residence, and business.—Answer. My name is George W. Wiley; residence, Astoria, Long Island. I am a broker, in connection with the house of Oppenheim & Brothers, of New York.

Q. You have heard the testimony of Mr. Harney, and his statement of your connection with him, have you not?—A. Yes, sir.

Q. State, in your own way, all the connection you ever had with me relative to this Pacific Mail subsidy—how you came to see me, and all that took place. I desire to have the broadest statement of the facts.—

A. I went to Mr. Harney, and asked him if he would give me a letter of introduction to you; not an ordinary letter, but one that would recommend me to you as a gentleman of truth beyond question; that I had an important matter connected with my own interest to carry through, and if I could get a letter of that kind to Mr. Beck, I could then make further arrangements for myself. Mr. Harney then said, "Well, what is it? I want to know." I said that it was the Pacific Mail matter. I said, "I can get some puts and calls on Pacific Mail if I can carry Mr. Beck's vote." "Well," he said, "I think I will. I am in favor of the subsidy and interested in the stock myself." He gave me a letter to Mr. Beck. I came on and saw Mr. Beck with that letter, and found that he was opposed to the bill. He said that he was opposed to subsidies; that his (the democratic) party were opposed to subsidies in every particular. He said, "I don't think I can vote for this. I am sorry, on Harney's account. I would do anything for Mr. Harney, and probably would strain a point if it was right; but I cannot vote for the bill." I got Mr. Stockwell afterward introduced to Mr. Beck, may be by some other gentleman. I am not certain about that.

Q. Was not that introduction made by Mr. Potter, of New York?—

A. I think it was some gentleman whom I did not know at the time, and who knew Mr. Stockwell. Mr. Stockwell talked to Mr. Beck and to this other gentleman, whoever he was, at the same time upon the subject of the Pacific Mail subsidy. When Mr. Stockwell came out I asked him what he thought about it. He said, "Well, I don't know; Mr. Beck seems to be opposed to the bill, but I think it is more than likely that he can be brought around; he is mistaken about the great commercial importance of this bill." I saw Mr. Beck once or twice, and probably two or three times afterward. Each time he gave me no assurance that he would vote for or make a speech in favor of the bill; whereupon I wrote a letter to Mr. Harney, saying, "Mr. Beck is decidedly opposed to the bill; won't you write him another letter, and a stronger one, to carry his interest?" Mr. Harney replied to me to the effect that he had stated all he could conscientiously say on the subject, and that anything further would be a reflection on him and on Mr. Beck, or probably an insult to Mr. Beck. I cannot remember the words of the letter, but it was about that character of language.

Q. Do you remember bringing Mr. Irwin to see me?—A. When I received that last letter from Mr. Harney, I then cast around for other men

of station by which I might reach Mr. Beck. I, in the mean time, had made the acquaintance of Mr. Irwin, who understood Pacific Mail thoroughly. I said to him, "If you will go with me and see Mr. Beck, I will secure an interview, as I think it is possible that you may be able to combat every objection that he has." He said, "I will do it gladly, and want just such an opportunity." In the course of a week or ten days, or probably not so long, Mr. Beck agreed to give me this interview with Mr. Irwin. I accordingly took Mr. Irwin to Mr. Beck, and they argued the point about an hour, or probably an hour and a half, and I supposed that Mr. Irwin was meeting every objection that Mr. Beck brought up. Mr. Beck would bring one objection and Mr. Irwin would argue it, and Mr. Beck would bring another, and so on, until the interview terminated.

Q. Was that in relation to the commercial advantages or disadvantages?—A. It was in relation to the commercial advantages and everything connected with Pacific Mail. Mr. Irwin had the matter so thoroughly settled in his own mind, and could argue it so well, that I supposed after that interview Mr. Beck's views would be changed; but they were not.

Q. Do you remember of my speaking and voting against the bill?—A. I do.

Q. Did you in any manner, directly or indirectly, at any time, ever suggest to me that there was money being used or paid in any form?—

A. In no manner, shape, or form.

Q. Was any money, stocks, or calls on stocks, or anything else, either paid to me, or for me, or carried for me, or had I any connection with it so far as you knew or were advised?—A. I can say just this: that I did all I could to keep from you the fact that I had an interest in this matter.

Q. And you did?—A. And I did most positively. That is, if you did know it you knew it otherwise than through me.

Q. You never advised me anything about it?—A. I did not want you to know it for the reason that it might reflect somewhat upon Mr. Harney, as it was through Mr. Harney that I got the letter of introduction to you.

Q. And I did not know it as far as you know?—A. You did not.

Q. Did I in any shape or form, to your knowledge, or from any means which you gathered, have any hint that there was money being used, receive any money, have any stocks carried for me, or have anything to do with stocks, or trade in them in any form?—A. In no way.

Q. So that you now state to this committee in substance that while you came with a letter from Mr. Harney to me, saw me, and used every legitimate argument, you not only did not tell me your own connection with it, but no suggestion was made to me in relation to it from other than public reasons, to combat my views?—A. No other in the world. When I had the conversation with you on the subject of Pacific Mail, I felt my own want of knowledge of that matter so much that I at once sought for other means, and that means was Mr. Irwin. I knew him and his acquaintance with it, and knew that he was thoroughly posted upon the subject and could argue it thoroughly with any one.

Q. You never carried any stock in it in which I was interested either directly or indirectly?—A. No, sir; not a dollar.

Q. About the 21st of December last I received what purported to be a dispatch signed by you, saying to me in substance, "Don't go too far; parties excited." I wrote the substance of that dispatch to Mr. Harney in a letter which has been shown to you, saying that I did not know

your address, and did not know what it referred to, unless to Pacific Mail, for that was the only thing you had spoken to me about. Do you know the substance of that letter?—A. I think I do. I remember the substance of it only, and cannot give the exact words. The substance was that you had received a dispatch of that kind signed by Mr. Wiley, of New York, and that the dispatch had stated, "Don't go with the adverse party." You said, "Now what this means I don't know, and I hate mysteries. See Wiley and find out what it means."

Q. [Handing letter to witness.] Did you send me that letter in reply? If so, read it.—A. I did. It is as follows:

"NEW YORK, *December 23, 1874.*

"MY DEAR SIR: Mr. Harney has just handed me your letter to him of the 21st instant, in which you ask him for an explanation of a 'mysterious telegram' received by you and signed 'Mr. Wiley.'

"Mr. Harney has no explanation to give, for the reason that I sent no such telegram, and am myself as much in the dark as yourself.

"Nor have I any key to the mystery, other than the fact that pending the passage of the Pacific Mail subsidy I introduced you to Mr. Irwin, and subsequently brought him to your house for the purpose of endeavoring to combat your objections to the bill. Now, it may be possible some one, mistaking the intimacy supposed to exist between you and myself, and having an interest in the matter, has done me this wrong and you this annoyance. I can see no other solution. Should you, however, be again annoyed and be able to trace the guilty party, I would be under favor to you to at once advise me.

"I very much regret this annoyance to you, for the reason I came to you indorsed by Mr. Harney as worthy of your friendly greeting. You so received and treated me, and for which you have my kindest remembrance. It would be a shabby return for Mr. Harney's friendship and your courtesy to presume upon that acquaintance to send you any telegram, much less one clouded by mystery.

"Permit me to add, in conclusion, that I have no interest in Pacific Mail in any manner, shape, or form.

"I am, very truly, your obedient servant,

"GEO. W. WILEY.

"Hon. JAMES B. BECK,

"*House of Representatives, Washington City.*"

Q. Mr. Fant made some statements here the other day about sending you to me. Do you remember anything about that?—A. Perfectly. I saw the statement in the paper, and wrote to Mr. Fant on the subject. Mr. Fant did not send me to you, nor had he any interest in my coming to you in any manner, shape, or form, other than the interest I had with Mr. Fant in New York. Mr. Fant made a mistake; he recognizes that mistake, and is sorry for it.

Q. Have you had correspondence with him since?—A. Yes, sir.

Q. What I want to get at is any communication you had with Mr. Fant, and whether there was any suggestion made that I was to be approached with money or money's worth in any form?—A. Most assuredly not. I have a communication in my pocket now from Mr. Fant, in which he states that so far as Mr. Beck was concerned, he did not know him; that he knows nothing in any way, shape, or form that would reflect upon him in the transaction. When I saw in the paper the statement of Mr. Fant that he had sent Mr. Wiley to see Mr. Beck, I at once wrote him saying that he had done me a wrong, and connected my name

in this matter in an unwarrantable manner, and I wanted to know why he did it, and asked him if there was anything behind this. Mr. Fant wrote me a letter of apology for doing as he had done. It was satisfactory. I have seen Mr. Fant this morning. He is sick in bed.

By Mr. KASSON:

Q. You sent no dispatch of any kind, mentioning the Pacific Mail subsidy, last December to Mr. Beck?—A. No, sir; nothing of the kind.

Q. Neither mysterious nor open?—A. Neither mysterious nor otherwise.

By Mr. BECK:

Q. I believe I have not seen you before for a year or so, have I?—A. I have seen you but once since the passage of the bill, and that was in Mr. Harney's office, until I met you here this morning.

By Mr. KASSON:

Q. I think there was one point upon which Mr. Beck asked you, and the question being rather long, you answered a part and may have answered the other part, although I do not remember it. That was, that in no way, shape, or form, did you carry or get anybody to carry any stock or make any stock contracts in which Mr. Beck had any interest, or of which he had any knowledge?—A. You cannot make that too broad; there was nothing in any manner, shape, or form.

By Mr. BECK:

Q. Neither in my own name or in that of anybody else?—A. No, sir.

By Mr. ROBERTS:

Q. You have made your answers with reference to Mr. Beck very broad. I desire to know now whether you had any communication with any other members of Congress with reference to this subsidy.—A. I had not.

Q. Did you for any other member of Congress, directly or indirectly, carry any stock, or propose to carry any stock?—A. I did not either directly or indirectly carry or propose to carry for any member of Congress any stock or money, nor had I any connection with such a matter in any way. I saw no member of Congress except Mr. Beck.

Q. Did you have any relations with Mr. Irwin in the distribution of the funds which he held?—A. No, sir; none at all. I saw Mr. Irwin while I was here three or four times, and each time was to report to him the state of Mr. Beck's feelings as to how he would vote, and to get him to agree upon the time he would meet Mr. Beck, if I could get Mr. Beck to meet him.

Q. Did you make any report to Mr. Irwin as to any other member of Congress?—A. No, sir.

Q. Was the name of any other member of Congress mentioned by you to Mr. Irwin in connection with this subsidy?—A. No, sir; not that I remember.

Q. Did you know at the time of the employment of Mr. Irwin of any attempt to influence the vote of any member of either House?—A. No, sir.

By Mr. WALDRON:

Q. You have answered in reference to members of Congress. Will you now state whether you know of any contract by which stock was to be given to or carried for the benefit of any officer or employé of the last Congress?—A. I do not.

By Mr. ROBERTS :

Q. I have asked you as to whether you made any report to Irwin as to any member of Congress. I will ask now further whether Irwin gave you any information as to any member of either House who could be influenced in any way by either money, stock, or any valuable consideration, to vote or refrain from voting?—A. No, sir; my acquaintance with Mr. Irwin was predicated upon a mere introduction by Mr. Stockwell for an express purpose, and that was that I could influence the vote of Mr. Beck in the way I have stated.

Q. I would like a direct answer to the question. You imply it; but I prefer a direct answer whether or not Mr. Irwin suggested to you any member of either House who could be influenced by any valuable consideration?—A. No, sir; he did not.

By Mr. BURCHARD :

Q. Do you know of the payment of money or of the giving of any consideration to any member of Congress or any officer or employé of the House?—A. I do not.

By Mr. NIBLACK :

Q. Do you not think that Mr. Fant claimed the credit of having sent you to Mr. Beck as a sort of desperate effort to show that he had rendered some specific service for the money he received? What other explanation can you give for this unwarranted use of your name in that connection by him?—A. I hardly know. When I first read the testimony, we canvassed among ourselves in the office as to why Mr. Fant had said this; one suggested one reason and one another. I could see no good reason why he would do it, unless it was that the connection of his name with Mr. Beck's or mine might in some manner give him some character with the committee.

Q. If you remember reading the testimony, you will recollect the committee pressed him to know the specific service he had rendered; to whom he had talked; upon whom he had tried to exercise influence in consequence of this amount of money which he had received. In other words, they asked him for an illustration of the service he had performed. He thereupon gave this as an illustration, saying he had sent you to Mr. Beck. I am disposed, after what you have said, to regard that as a mere desperate effort upon his part to try and show that he had done something. Can you explain it in any other way?—A. I think that is about the best explanation that can be given of the matter.

WASHINGTON, D. C., *January 20, 1875.*

CORNELIUS K. GARRISON sworn and examined.

To Mr. BECK :

I have been once before examined before this committee, and have read my testimony.

Question. You were also summoned to appear before the subcommittee in New York, were you not?—Answer. I volunteered to appear there. I was summoned to appear here, and wrote that I could give no different testimony from what I had heretofore given, begging to be excused. I presented myself to the subcommittee.

Q. And upon the very positive assurance by you that you knew nothing more than you had stated in your prior testimony, I believe the committee for that time excused you?—A. Yes, sir.

Q. You were quite positive and emphatic that you had told all then that you knew?—A. Yes, sir.

Q. Continuous rumors have reached the committee in all sorts of forms that you had been saying in the city of New York and elsewhere that you did know some of the names that were upon that list, and you have thus been summoned here on account of those rumors. I want now an emphatic statement as to that matter.—A. In the first place, if I had sworn that I did not know it, common sense should teach the committee that I would not perjure myself. In the next place, I wish to state here, distinctly and emphatically, that any rumors to that effect are as false as hell, if it is necessary to use that expression. I will say, going further, that, were I confident I could expose any one of these men, I would do it unhesitatingly; but I had only been here for a few days when this thing transpired, and I could not this morning, if I was put upon my oath, give the names of twenty members of Congress who were in Congress at that time.

Q. Then you again tell us that you cannot give the names of any of those persons to whom Mr. Sypher called your attention?—A. I not only state that, but I state, further, that any one who has stated that I said at any time, before or since I gave my evidence here, that I would give the names of any one of the parties, has stated an unqualified falsehood. I do not know now, and if I did know I should give the names unhesitatingly.

Q. I am not sure that you were pressed particularly upon this point. Can you give us any information of any member of Congress who received money or anything of value, or had stocks carried for him, because of his vote on this Pacific Mail subsidy?—A. I cannot. I perhaps have my own theory about this thing, as you all have; but of my own knowledge I know nothing, and I am not disposed to give my opinion where it is going to affect gentlemen, perhaps very unjustly.

Q. I asked for any information you had or facts that you knew?—A. I have none, that I would call positive information, to fix upon any member of Congress, or any person connected with Congress, the receiving of money, the carrying of stocks, or a consideration of any nature or kind.

By the CHAIRMAN:

Q. Have you sufficient knowledge about that list to be able to say to the committee whether it was confined to any particular section of the country?—A. It was.

Q. What section?—A. The South.

Q. You did not understand that it included anybody but some gentlemen in the South?—A. I can state, I think, positively that it was a list of southern members.

Q. Have you sufficient recollection of it to say whether my name was mentioned in it or not?—A. I can go further, and say, that, so far as my memory serves me, there was not on it the name of a gentleman whom I recognize on this committee.

By Mr. ROBERTS:

Q. You state that you had no positive information on that subject?—A. What I meant by that was this: There were rumors of all sorts, natures, and kinds; I might have, perhaps, come to some conclusion myself, but I had no evidence that I would be willing to state concerning or reflecting upon any gentleman in Washington connected with this matter.

By Mr. KASSON:

Q. Nothing that amounts to a fact?—A. No, sir.

By Mr. ROBERTS:

Q. Do you know any fact that bears upon that question that connects any person with this matter?—A. I do not. As I said before, I have the best reason, if I did know, to expose it.

Q. You are able to say that this list was a list of southern members?—A. Yes, sir.

Q. Can you, by locality or connection with any committee, indicate any person whose name was upon that list?—A. No, sir; for the reason that I was here but a very few days, and I don't recollect a single individual. I cannot place a single individual, either by name or by saying to what committees he belonged. I was a novice in the course of congressional proceedings, and I have not tried to inform myself very much upon that subject since.

Q. You say these were members from the South. Can you go further with your process of exclusion, and say from what States they were?—A. No, sir; I cannot. My evidence given two years ago was when my memory was fresh, and I gave then all I had.

Q. That particular question was not asked you, was it?—A. I cannot remember.

Q. In addition to the rumors which have been referred to, this rumor has come to us: that you have stated in Washington and New York that you were threatened with personal violence, or even to the extent of assassination, if you gave the names upon that list. How is that?—A. A statement of this kind came to me from a gentleman in Boston, that Mr. Sypher had said that if I reiterated the statement, or if he caught me in Washington, he would blow the top of my head off. I placed no confidence in such an assertion, because I do not think that those who know me would believe that the threat of an assassin, even if it were true, would keep me from Washington, or anywhere else I chose to go. Mr. Nathaniel McKay, of Boston, was the gentleman who informed me that Mr. Sypher had used that language. I cannot believe it, however.

Q. Was this before you gave your testimony before the committee?—A. No, sir; since, I believe. However that may be, I am not a frequent visitor of Washington, but that has not kept me away.

By Mr. KASSON:

Q. And the top of your head is still on?—A. Yes, sir; and I expect it will remain there some little time.

By Mr. BURCHARD:

Q. In your first examination you said that when Mr. McKay introduced you, "he said there were a number of these members voting together, and I had understood from outside talk that money was being used in regard to the other matter." From whom did you understand that money was being used in regard to the matter?—A. From everybody to whom I spoke on the subject in Washington.

Q. Will you not tell us the names of some of those parties?—A. It was public rumor. The general statement to me about the hotel—and Mr. Irwin told me so himself—was that the Pacific Mail Company were using a very large sum of money. He advised me not to attempt to get my bill through; that it was costing the Pacific Mail Company a very large sum of money, and every time Mr. Stockwell came down here it cost them an additional \$100,000.

Q. Can you give us the name of any person whom we can summon here as a witness?—A. I cannot; I have given you all the information I have.

By Mr. SHELDON:

Q. This conversation with Mr. Sypher had reference to the Brazilian line, had it not?—A. Yes, sir; not the Pacific Mail; it had nothing to do with that.

Q. I understood you to say in your previous testimony that you did not wish it inferred that he intimated that he wanted money?—A. He did not.

Q. Did you not understand this, that he expected, if that bill was supported, that there would be support given to one or two lines from New Orleans?—A. I think he stated that he had a bill up for New Orleans.

Q. It has been suggested to me twice by friends that because Mr. Sypher was a colleague of mine my name was put upon that list. What do you know about that?—A. On the contrary, I had met you before, and had had an introduction through a mutual friend, and asked you to support the bill; and you told me you would, and I believe you voted for it.

Q. Would not the record show that?—A. I believe it would.

Q. So that if my name had been on any list it would have attracted your attention?—A. Yes, sir. I was requested to call to see you by a party that had some of my stock in the Brazillian line. I did so; called and saw you, and you told me that you would vote for my bill if you consistently could.

Mr. WOOD. I desire the following telegram, from A. Oakey Hall to me, made a part of the record:

“NEW YORK, *January* 19, 1875.

“I never said to any one that any member of your committee was implicated. I never heard any one say so. The subject is a perfect surprise to me. I am threatened with pneumonia. For me to travel is hazardous. I am only about because of the urgency of professional business. If, after Shanks is examined, you deem it necessary to have me, then I will come. Please excuse me until then, as I think after his examination you cannot possibly want me.

“A. OAKEY HALL.”

GEORGE E. MILES sworn and examined.

To the CHAIRMAN:

I reside in Brooklyn and am engaged on the New York Tribune, of New York City, as law and stenographic reporter.

Question. Have you at any time communicated to the principal editor, Whitelaw Reid, any rumors of any kind whatever in respect to myself in connection with the Pacific Mail?—Answer. No, sir; of no kind whatever.

Q. I will put the same question in regard to Mr. Wood?—A. There was nothing of the kind.

Q. And as to the other members of the committee?—A. There was nothing.

Q. Have you communicated to any member of the Tribune corps any such rumor?—A. No, sir; not to my recollection.

Q. Have you ever heard any such rumor yourself?—A. No, sir.

Q. Have you heard any such rumor about any member of Congress?—A. No, sir; except what I have seen in the newspapers.

Q. Have you any other knowledge in reference to it than what has been seen in the public prints?—A. No, sir.

Adjourned to January 21, at 10.30.

WASHINGTON, D. C., *January 21, 1875.*

J. HALE SYPHER, Representative from the State of Louisiana, sworn and examined.

The WITNESS. I requested to have my testimony taken this morning by the committee for the purpose of clearing up a single point of difference between Mr. Garrison and myself. It is in relation to a list supposed to have been furnished to Mr. Garrison at the time that he and I had an interview. There was no such list furnished. No member's name was mentioned. What was done, as nearly as I recollect, was this: Our meeting was accidental; as I was on my way to the room of the Pacific Railroad Committee, he stepped into the committee-room with me, and spoke of his Brazilian steamship bill which was then before the House. I inquired of him what strength he supposed his bill had in the House; he spoke confidently of its passage. I asked him where he expected to get his vote from; he spoke of a large vote from the East, and he supposed that New York would help him. Then he inquired of me what chance our bill had, the bill to subsidize a line between New Orleans and the ports of Mexico. I told him that the Louisiana delegation was a unit for it, and that I expected that the members from the States in the Mississippi Valley would vote for it pretty generally. I had a pencil in my hand at the time and was sitting at the end of the table in the committee-room just as I am sitting at this table, and I made some figures. I put down the delegation from Louisiana, which at that time numbered five, and some other figures of delegations from other States—gentlemen whom I had spoken to and whom I was expecting to vote for the New Orleans bill. Out of that grew this supposed list. But that I showed Mr. Garrison or any other person the name of a single member of Congress that would vote for any measure is utterly and absolutely false. That is my statement.

By Mr. KASSON:

Q. Then neither by yourself nor by any other member, to your knowledge, was there a list of names given of members who were said to be under your control, or who were likely to vote with you for one measure or the other?—A. No, sir.

Q. It was simply figures indicating the number of votes which you thought you could rely upon.—A. Yes, sir.

Q. About what number was that?—A. I think they footed up from twenty to thirty.

Q. And verbally you did not give the names to Mr. Garrison.—A. No, sir.

Q. Neither verbally nor in writing?—A. No, sir.

Q. Did you indicate to him in any way that there was a question of compensation, or that money would be required, or anything more than mutual assistance?—A. No, sir; there was no reference made to money whatever, as appears indeed from Mr. Garrison's statement, which I desire to read and to put in my own statement: He says: "So far as Mr. Sypher is concerned, I do not want the inference to be made from my evidence that he came to me after money. He never asked me for a dollar, and never intimated that he wanted a dollar for himself or anybody else."

Q. And you affirm the truth of that statement?—A. I do.

Q. Owing to some rumors about threats which were alleged to have come from you, about blowing off the top of Mr. Garrison's head, you may desire to make a statement upon it, as to whether there is any truth in it.—A. I never believe in rumors, but I will relate the circumstance as it

occurred, to show you how easily a great story will grow out of a joke. Mr. McKay and I are personal friends; he has been here for the last four or five years, and I have seen him very frequently. After Mr. Garrison had testified, Mr. McKay joked me very frequently about his testimony, and one morning he remarked to me that Mr. Garrison was coming down here again to testify. I think I then said to Mr. McKay jokingly, "If Mr. Garrison comes down here and swears to any lie about me, I will blow his old head off." I said that in a joking way; and Mr. McKay, the next time that he saw Mr. Garrison, repeated it to him jokingly; and out of that has come the whole story.

Q. You have made no attempt yet to blow Mr. Garrison's head off.—

A. I think not; Mr. Garrison and I are friendly, so far as I know. I have no reason to have any other than friendly relations with him.

Q. State whether you have any knowledge whatever of the use of money by the Pacific Mail Steamship Company, or its agents, with any members or officers of the House, in procuring this subsidy.—A. I have no such information. I stated that very fully in my testimony, when I was formerly before this committee.

WASHINGTON, *January 21, 1875.*

RICHARD B. IRWIN recalled.

The CHAIRMAN. We left off at this interrogatory: "Will you give to the committee the names of the persons whom you employed to assist you here in Washington in procuring the Pacific Mail Steamship subsidy?"

The WITNESS. I will; but I must ask the committee to make my examination this morning as brief as possible, as I have had a fever all night and have been suffering from nausea all the morning. I would like to answer the next two or three questions, giving you the names and amounts paid, and then be released from further attendance this morning.

The CHAIRMAN. The committee will excuse you the moment you desire to leave.

The WITNESS. I understand that the Pacific Mail Steamship Company has passed resolutions releasing all their officers and agents from any relation of confidence to the company.

The CHAIRMAN. Yes, sir.

The WITNESS. I would like to say, if the committee will allow me, that there appears to be a general impression already circulated by people who do not know me, that I am going to answer now because I have been so long in jail that I could not stand it any longer. I only wish to say, without the slightest disrespect to the committee or to the House, that I went to jail because I considered it my duty to do so, and that I came out because I did not consider it my duty to stay there any longer; and that if the circumstances should arise again, I should be obliged to do the same thing again, with the same respect to the House and with the same respect for myself, simply because I should consider it my duty, and that consideration would support me under any infliction.

The CHAIRMAN. Will you now give the names of the persons employed by you to assist you in getting this subsidy.—A. The names are Charles Abert, O. J. Averill, James G. Berret, E. H. Carmick, Amos B. Corwine, L. E. Chittenden, B. H. Cheaver, Hamilton G. Fant, John W. Forney, Samuel A. Hatch, S. R. Ingham, William Moran, Alexander W. Randall, John H. Rice, William B. Shaw, Charles H. Sherrill, John G. Schumaker, A. H. Whiting. That is all. There may be some others whom I have forgotten.

Q. Were there any other persons employed here for that purpose, to your knowledge?

The WITNESS. By me?

The CHAIRMAN. By any one.

A. Yes, sir.

Q. Will you give the names of those persons employed otherwise than by you?—A. The names of the only two persons that I recollect at this moment, and whom I understood to be so employed, are William S. King and Richard C. Parsons.

Q. Were they employed by you?—A. No, sir.

Q. Do you know by whom?—A. My impression is they were employed by Alden B. Stockwell.

Q. With the addition of those two names, do you know of any other persons who were employed here for that purpose?—A. I cannot think of any at this moment; as I said just now, there may be some others whom I have forgotten, but I do not think there can be many, or that they are of any magnitude. I will state to the committee that I have here given the names of those who were employed directly to aid me in getting the subsidy. There was another gentleman with me at the time who was in my personal service, as I had a great deal of business in my charge belonging to the company other than that connected with the subsidy, and I have not given his name simply because I do not like to drag him into this matter, as he had nothing to do with it. He is not in this country at present, and had nothing to do with the subsidy business, except in generally consulting with me in reference to all of my business.

Q. Was he paid out of this money?—A. He was paid by me out of the general funds in my hands.

Q. Out of the \$750,000?—A. Out of some of the money given to me. I cannot identify it in different piles. If the committee desire his name, I can give it at any time.

Q. Now give us the amounts placed in the hands of each of those gentlemen for the purpose of aiding you in procuring the subsidy.—A. I will have to state first that all these transactions, being nearly three years old, have very largely gone out of my mind. I have picked up the amounts paid to each, partly from the examination of my various bank-accounts, partly from the testimony elicited by the committee itself in New York and Washington, and partly from my general recollection, refreshed by various circumstances. There may be inaccuracies in what I state, but I am trying to be as nearly accurate as possible.

I paid to Charles Abert \$7,000; O. J. Averill, \$10,000; James G. Berret, \$10,000; E. H. Carmick, I do not recollect the amount, but I think it was either \$2,500 or \$5,000; Amos B. Corwine, \$3,600; L. E. Chittenden, \$5,000; B. H. Cheever, \$5,000; Hamilton G. Fant, \$12,000; John W. Forney, \$25,000; Samuel A. Hatch, I do not recollect the amount, but I think it was about \$20,000; I gave him one check for \$4,000, and another for \$16,000, I think on the 25th or 29th of May; S. R. Ingham, \$10,000; William Moran, I forgot the amount; Alexander W. Randall, \$10,000. Mr. Randall had received \$4,500 in cash before he received the final payment of \$5,500. He was regularly employed, and his compensation, although it was largely paid after the subsidy was passed, was not contingent on the passage of the subsidy. He had been in my employment in that way for nearly three years. John H. Rice, \$2,500. Mr. Rice appears to have received one of the King checks, but I do not understand that that was a part of this thing at all. I understood that there were some private transactions between

Mr. Rice and Mr. King relating to some other matters. I paid Mr. Rice afterwards, and he then reported to me that he had not been paid anything at all, and I was satisfied that he had not. William B. Shaw, \$15,000; John G. Schumaker, \$300,000; A. H. Whiting, \$100,000.

Q. Did you pay Mr. Parsons and Mr. King?—A. I paid Mr. King \$125,000. I paid Mr. Parsons \$1,500 on account of Mr. Stockwell, and he, as I understood, reported that to Mr. Stockwell, and it was charged against him. He was Mr. Stockwell's attorney. I had entirely forgotten the payment to Mr. Parsons until he told me of it himself, and I had stated to several persons that he never had got any money from me at all.

Q. How much of the payments made through Mr. Abert are included in this list?—A. I think I have included all of them in it.

Q. Have you included Mr. Boyd and Mr. Hersey?—A. Mr. Boyd and Mr. Hersey were not employed by me. They were at work for us at different times, but without any employment whatever, and the payment to them was regarded by us as gratuitous. I wish to say here that in making answer to the House and to the committee I had entirely overlooked Mr. Boyd and Mr. Hersey. I do not know that it would have made any difference if I had not overlooked them, except that, perhaps, I would not have made the remark about the jurisdiction of the House quite so strong. But I had entirely overlooked them, as the payments to them were comparatively small, and as I had not seen them or seen their names for a long time. And then, again, I would not have regarded them as officers of the House, but still I would not have made that equivocation if I had recollected their names.

Q. Is there any person to whom Mr. Abert paid money on your account who is not included here?—A. I think not; if there is, it is because I have overlooked it.

Q. You say that you paid Mr. King \$125,000?—A. Yes.

Q. Can you tell how?—A. I paid him at various times \$10,000 in Washington.

Q. How many times?—A. I cannot tell how many times; my impression is something like this, that I gave him once \$5,000 and twice \$2,500 each, which, with the \$115,000 paid to him in New York, made in all \$125,000.

Q. You say that you paid Mr. Schumaker \$300,000; can you tell how you paid him that?—A. I paid him \$275,000 in New York, and \$25,000 I sent to him after I got back to San Francisco. The way that arises is this: At the time that these payments were made, I was quite ill, and was therefore obliged to leave Washington. I had a dreadful headache. According to my recollection, I drew a check for \$275,000, and had it ready for Mr. Schumaker. He said that it should be \$300,000; I thought over the matter and recollected that that was correct, and I said to him that if he did not want to use the money in a hurry, I would send it to him in California, as I was on the point of going there then. I would like to stop here now, if the committee thinks that I am justified in doing so, for I am suffering very much indeed.

The CHAIRMAN. I was about going into an examination which might take some time, and perhaps we had better stop here.

Mr. BECK. In the mean time, there is one item to which I wish the witness's attention directed. His bank-account sent to us from California shows that out of this \$750,000, \$100,000 which was delivered to himself was deposited in the Bank of California.

The WITNESS. I will explain that now substantially. In keeping a number of bank-accounts and turning over funds that belong to other

people as well as yourself, you do not necessarily keep the money in separate bills.

Q. The question is in reference to the payment of the \$750,000; whether you spent so much money.—A. I took that \$100,000 to California, it is true, but between \$30,000 and \$40,000 of it was my own money, and had nothing to do with this or with anything else that the Pacific Mail Steamship Company was interested in. I afterwards remitted, for instance, \$25,000 to Mr. Schumaker. I paid Mr. Ingham \$5,000, and I paid Mr. Rice \$25,000, and so on.

The CHAIRMAN. Have you your California bank-account?

The WITNESS. Yes; covering a longer period than that.

The CHAIRMAN. Then it would be well for us, as far as you are able, to refresh your memory by examining it.

The WITNESS. I will do so.

The further examination of the witness was postponed until to-morrow.

WASHINGTON, D. C., *January 21, 1875.*

JOHN G. SCHUMAKER recalled.

By the CHAIRMAN:

Question. Do you desire to modify or explain any of the testimony which you have already given?—Answer. I do; I know the position in which my testimony stands here; my signatures to these certificates of deposit have embarrassed me and troubled me very much; I had not then and have not now the slightest recollection of these certificates of deposit, or I would not have sworn that I had no knowledge of these two fifty thousand dollar checks, knowing that these certificates were or might be in existence; it was a perfect blank in my memory; I knew nothing about it. I know how very unfortunate it is for me to have these signatures facing me, but I have forgotten and I cannot recollect anything about these certificates of deposit or about the manner in which they were procured; they were procured, but how I do not know. I have hastily drawn up a statement, which I will read to the committee. First. I indorsed the two fifty thousand dollar checks of the Brooklyn Trust Company, which were paid by Jay Cooke & Co., and I directed them to be sent to the office of the Pacific Mail Steamship Company. That was done. I never saw those checks again, unless they were shown to me in Washington by the person who brought them here; but of that I have no present recollection whatever. Secondly. The indorsement of my name on the certificates of deposit must have been made at the request of the holders of those checks, but I have no recollection of the fact; I do not recollect who held the checks or who presented the certificates to me for my signature; I presume (although I do not know) that there was some satisfactory explanation made to me at the time to induce me to indorse the certificates, but I did not receive nor expect to receive one dollar of the money. I have no recollection of ever having any business with Jay Cooke & Co., and I am sure that I never had, and that I never received any money from them, or any evidences of money, on my own account. My explanation of the transaction is that the person who held the checks must have come to me with the certificates of deposit for my indorsement, and that, having secured a standing in the bank by the initials H. D. C. on the original checks, he was enabled to continue the business in my name,

which suited him perhaps better than any other course. Having no interest in the matter I took no note of any of these circumstances, and cannot now remember anything about them one way or the other. I did not know that I had indorsed the certificates of deposit, or that they had ever been issued, until they were produced before the committee. The transaction is of several years' standing, and has passed entirely out of my mind. In regard to the California draft of \$25,000, I have not the slightest recollection of that transaction; if it was sent to me by Mr. Irwin it was sent with directions what was to be done with it, and I passed it away in the same manner; I had no recollection or knowledge of anything about it until I saw a reference to it in the Tribune. Mr. Irwin, I suppose, sent me the draft, but I have no recollection of it; he did so with directions, I suppose, and I passed it away according to those directions; that I kept a dollar of it, or had the benefit of a dollar of it, I have not the slightest recollection; I know that I did not have any personal interest in it, professionally or otherwise. This is very embarrassing, gentlemen; I know very well the remarks that are made in regard to my signature to those certificates; but I am telling you God's truth, according to my recollection.

I was here in Washington at the time. They said to me in the office of the Pacific Mail Steamship Company, "We have rumors on the street that this man or that man in the Senate or House is to get up and move to rescind or abolish that portion of the Post-Office appropriation bill which relates to the subsidy, and we want you to go on and stay there. We have confidence in you, and the moment such a move is made, we want you to telegraph us immediately." I came here and stayed at Wormley's. While here I was met every day on the street by men whom I had never seen before, swinging their arms, cursing, and swearing that they had not been paid; that the agent of the Pacific Mail Steamship Company had gone to California; and that they had been employed by Mr. Stockwell. Some of them even showed me letters from the directors of the company. They were persons whom I had never seen before nor since. They would come and sit in my room all day long, and follow me up to the Capitol, and harass me morning and night, just because I was the representative, and the only representative, here of the company. I am sorry for the position I am in, owing to my signature to these certificates of deposit; but that is all I can say to you, gentlemen. I am in your hands.

By Mr. BURCHARD :

Q. Look at this certificate of deposit for \$90,000 on Jay Cooke & Co.—

A. That is my signature; that is all I can recollect about it. I have looked carefully at my signature on both of these certificates, and I am satisfied that it is in my handwriting, but I had no idea, or dream, or thought, in my own mind, that I ever had any such business transaction.

Q. One of these indorsements on the \$60,000 certificate appears to be a receipt.—A. I remember no such receipt.

Q. The receipt is in these words :

"Received \$15,000 on the within, June 6, 1872.

"JOHN G. SCHUMAKER.

"Balance, \$45,000, paid June 7, 1872.

"JOHN G. SCHUMAKER."

A. That writing is not mine; nothing but the signature. The signatures, of course, are mine. I have examined them, and I see that they

are my signatures. Nothing could have more surprised me than those signatures.

Q. Do you not recollect signing either of them?—A. No, sir; I have not the slightest recollection of it.

Q. Do you not recollect seeing either of those \$50,000 checks in Washington?—A. No, sir; I have not the slightest recollection of seeing either of those checks in Washington.

Q. Or either of these certificates of deposit?—A. No, sir; I have thought of it night and day; I can scarcely say what I have not done to try and recollect it.

Q. In reference to the \$25,000 draft which was sent to you from California, did you write for it?—A. No, sir; I had no recollection of it at all until I saw it mentioned in the Tribune. If it was sent to me it was sent under directions, and I disposed of it according to directions, whatever they were, and the thing passed out of my mind.

Q. Can you tell us what you did with the money received from that \$25,000 draft?—A. No, sir; I have not the slightest recollection of the draft being sent to me.

Q. Do you keep files of your correspondence?—A. No, sir; I never did in my life.

Q. Do you never preserve the business letters that are sent to you?—A. No, sir.

Q. Nor copies of business letters that you send?—A. No, sir.

By Mr. KASSON:

Q. You have stated that you have no recollection of signing these certificates of deposit. Can you not remember who asked you to go to the bank, and who exhibited the certificate when he asked for your indorsement?—A. That thing has puzzled me for the last ten days. At your suggestion, I have endeavored to find any clue that I could to it, but I am entirely in the dark; I know nothing of these certificates of deposit any more than I know of an unknown tongue.

Mr. KASSON. I do not question your good faith, but I want to see whether by questions I cannot aid you in bringing something to your memory.

The WITNESS. There is a young gentleman here whom I brought up from his childhood, and whom I have educated in my office, and I have said to him, "Mr. Lovell, was there anything that came into my office that you can recollect in reference to this draft?" and he said that he had examined carefully and thoroughly, and could not find anything in the office referring to it.

Q. Do you recollect speaking to Mr. Henry D. Cooke on the subject of these certificates of deposit?—A. I spoke to my old friends about that, and I wanted to go to see Mr. Cooke. I consulted with General Crooke and with Mr. Corwine, and told them that I wanted to go and see Mr. Cooke, and they advised me against it, and said to me, "You are in a great excitement about this matter. Human minds are queer, and if you should go to Mr. Cooke, probably Mr. Cooke might think that you were the man whom he identified by his initials, even while you were not. In criminal matters such things often occur." I sent Mr. Corwine to Mr. Cooke, and he said that, although he thought he had seen me, he had no recollection of me.

Q. Do you recollect yourself having spoken to Mr. Henry D. Cooke in connection with these certificates of deposit?—A. No, sir; Mr. Pitt Cooke, a brother of his, who lives in Brooklyn, gave me a letter of introduction to Mr. Henry D. Cooke when I first came here in the Forty-

first Congress. I went either to his private house or banking-house, I forget which, but he was not in and I never delivered that letter. I saw him afterwards, but I do not recollect that I was ever introduced to him or met him in any way.

Q. After the checks, into which you broke up the \$275,000 check which you have formerly testified to, were returned to the Pacific Mail Steamship Company, can you say whether you sent them by letter or by messenger?—A. I directed the officers of the Brooklyn Trust Company to send those checks to the office of the Pacific Mail Steamship Company. In what way they did it I do not know.

Q. Must you not have told them some direction that they were to send them to?—A. I think I may have told them to take Mr. Stockwell's direction.

Q. The general direction of them to the Pacific Mail Steamship Company's office would not amount to anything?—A. No, sir; I think I told the officers of the Brooklyn Trust Company to take the directions of Mr. Stockwell. That is my impression.

Q. And you renew, after refreshing your recollection, your statement that of the \$275,000 the only portion with which you had anything to do in Washington was the \$50,000 of which you testified?—A. Yes, sir; I cannot bring the slightest clew to any other business or money transaction that I ever had here.

Q. And have you been able since you were on the stand before to recall anything more definite about the payment of that \$50,000 to Mr. Elmore and to Mr. Smith?—A. No, sir; I have not. I have recollected it and have only recollected it just as I narrated it here.

By Mr. BECK :

Q. I suppose you have examined the books of Jay Cooke & Co.?—A. I have not.

Q. The statement of the paying-teller of that bank shows that when that first certificate of deposit for \$90,000 was given, the inference is that \$10,000 was paid in cash, and must have been paid to you?—A. He could not swear to that. I do not think it is possible for any man to swear to that.

Q. Was that \$10,000 paid to you? A. No, not one cent of it.

Q. Then again this further fact appears from the books, that two days afterwards that certificate of deposit was returned and a new certificate of deposit, for \$60,000, was issued, which was again indorsed by you, and \$30,000 paid in money? A. I have no recollection of any such occurrence.

Q. Did you get any money from Jay Cooke & Co.?—A. No, sir.

Q. Are you positive on that subject?—A. Yes.

Q. Then if any money was paid, it was paid to somebody else?—A. It must have been paid to somebody else, and, I suppose, the fact kept from me. I have no recollection of it, and I have tried in every way to think how it could happen.

Q. Do you recollect whether you signed your name to a receipt for \$15,000 on the back of one of these certificates while the writing was above it?—A. I have no recollection of the signature, and have no recollection of seeing any such thing. I have no recollection of signing a receipt for \$15,000 any more than I have of a thing that never occurred; I have no recollection of signing any receipt whatever.

Q. You heard Mr. Irwin testify this morning that when he handed you the check for \$275,000, you told him that the agreement was that \$300,000 was to be paid to you, and that that was the reason he sent you

the draft for \$25,000? A.—I have no recollection of it. I have not any idea in reference to any instructions whatever from Mr. Irwin, or that he ever instructed me in regard to the Pacific Mail Steamship Company, except as I have sworn. I heard Mr. Irwin swear that this morning.

Q. He says that you said to him, when he gave you the \$275,000 check, that the agreement was that \$300,000 was to be put in your hands? A.—I think he is mistaken.

Q. And that he sent you \$25,000 more? A.—He seems to have sent me \$25,000 more, and I certainly did with it as he directed, but I have no recollection of the fact, and I have no recollection of Mr. Irwin saying anything to me about any more money.

Q. Do you recollect saying anything to him about \$25,000 more being due to you?—A. No, sir.

Q. You heard his statement this morning?—A. I did, and it surprised me very much.

Mr. BECK. It is altogether a remarkable transaction.

WITNESS. It is indeed. No one feels the transaction more deeply than I do.

Q. At the time you surrendered all the paid checks for the \$125,000 which was to your credit in the Brooklyn Trust Company, did Mr. Stockwell tell you anything as to why he wanted them destroyed?—A. I do not know that Mr. Stockwell had much to say. It was a sort of general conversation in the office, in his presence. A number of persons were there. I do not think that Mr. Stockwell had a great deal to say about it, except to give general directions in the matter.

Q. Could you not, by thinking over about these checks that came from your own bank account in Brooklyn, determine some of the indorsements on those checks?—A. I told you before that some of them had the stamps of banks on them. That is all the recollection I can get of them.

Q. Do you recollect even the stamp of any particular bank?—A. No, sir.

Q. Nor any names of indorsers?—A. No, sir. I passed them over as the vouchers of the Pacific Mail Steamship Company. I do not think that I ever examined them particularly from the time they were issued.

Q. I think you said, in substance, that Mr. Stockwell, or some one, wanted you to get back the three \$50,000 bills?—A. They wanted to know where they were, and I said that they were the vouchers of the Brooklyn Trust Company.

Mr. BECK. I thought that perhaps, by recalling to your attention that conversation, you might recollect whom you said they belonged to.

WITNESS. No, sir. I am under the impression that I knew they were in possession of the Brooklyn Trust Company; but whether I said so in form or not, I do not recollect.

Mr. BECK. The various indorsements on these certificates of deposit would indicate frequent transactions at the banking-house of Jay Cooke & Co. Do you recollect being there at all?

WITNESS. I do not. I have not the slightest recollection of being ever in the banking-house of Jay Cooke & Co.

Mr. BECK. The money must have been paid at the counter; and that is a fact which you would be bound to remember.

WITNESS. My theory is as I have stated—that some explanation was made to me with which I was perfectly satisfied at the time, but which has since passed out of my memory. As to ever signing any receipt for that money, or being in the banking-house of Jay Cooke & Co., my mind is a perfect blank; and if all the clerks there should come up and swear

that I received the money I would still have to asseverate that I have no recollection of the fact.

By Mr. NIBLACK:

Q. I understood you to say that you were in Washington in the early part of June, 1872, at the time these certificates of deposit were drawn?

—A. Yes.

Q. The persons who were demanding money of you every day, how did you get rid of them? Did you refer them to anybody else?—A. I would say to them, "I do not know you, gentlemen. I have nothing to do with Mr. Stockwell's promises to you; go to New York and see Mr. Stockwell."

Q. Did you make any payment to any of that class of people?—A. No, sir.

Q. Was there anybody else here at that time transacting business for the Pacific Mail Steamship Company?—A. Not to my knowledge.

Mr. NIBLACK. The tellers of Jay Cooke & Co. say that the inference (considering that there is no indorsement but yours, first on the two \$50,000 checks, and then on the certificates of deposit) is that the transaction was conducted by yourself personally.

WITNESS. It does not follow that the last indorser of a check is the person who receives the money. That signature is often written for identification. I do not recollect being in Jay Cooke & Co.'s bank at all. I have tried to recollect, thinking that I must have been there in order to sign these certificates, but I cannot recollect it. I cannot bring anything to my mind in relation to it.

Mr. WOOD. What is your explanation of this fact, that your name appears on the books of that bank as having received a portion of these sums? For instance, you have explained that you have no recollection as to when or how you came to sign your name; but subsequently to that, some person must have gone to Jay Cooke's and drawn a portion of that sum—in one instance \$15,000—and then your name appears as receipting for that amount on account of the whole sum due by the certificate of deposit.

The WITNESS. Some person who wanted the currency may have brought me the certificate and requested my signature. I could carry through, in the city of New York, a transaction in that way with any bank where I was a customer.

Mr. NIBLACK. Yes, but you were not a customer of Jay Cooke & Co. that is the point.

The WITNESS. But any customer of Jay Cooke & Co., in good standing with them, could have carried this transaction through in my name.

Mr. NIBLACK. It has struck me that if you did not do this in person, some person did it who was in collusion with the bank.

The WITNESS. I do not say that; but I say that any man in good standing with the bank could do just such a thing as that.

By Mr. WALDRON:

Q. At what time were you first retained as counsel and attorney for the Pacific Mail Steamship Company?—A. In the fall of 1872, during the pendency of actions in the supreme court of Brooklyn, restraining the company from lending money on its own stock, or on any security but Government and State bonds.

Q. By what officer of the company were you retained?—A. By Mr. Stockwell.

Q. Do you know whether there is any written authority on the minutes of the company appointing you as counsel?—A. I do not. I had various

interviews with Mr. Stockwell and with the various directors. Mr. Richard Schell was the cause of my being retained in those suits.

Q. Did you represent the company in any litigation?—A. Yes; in the suits brought by Luther R. Challis, Jocelyn, and Henry N. Smith, not as attorney but as counsel. That was running through 1871 and 1872.

Q. I suppose that the records of the court will show that fact?—A. The records of the court only show who the attorneys were; but I frequently consulted with Mr. Homer A. Nelson, as our offices were together. We were in frequent consultation daily in regard to these suits, and also with the directors and officers of the company, and we were attending to those matters before the judges and referees.

Q. Did I understand you to say that you have no recollection of ever having said to Mr. Irwin that the amount to be paid to you should be \$300,000 instead of \$275,000?—A. I have no recollection of ever having had such a conversation with Mr. Irwin.

Q. Have you any recollection of your having received any sum additional to the \$275,000?—A. No, sir.

By Mr. ROBERTS:

Q. You have heard Mr. Irwin's statement that you were employed by him in connection with this subsidy?—A. I have.

Q. Be kind enough to state how and when you were employed by him in connection with the subsidy.—A. At the time that these suits were before Judge Lawrence, the testimony of Alden B. Stockwell, and of various other persons who were examined before the referee, was being circulated around the House of Representatives, and there were various unfair conjectures and rumors about the company. Mr. Irwin, I think, came on to New York, and came to my office and asked me to come on to Washington and represent to some gentlemen, on the Committee on Commerce, or on some other committee, the circumstances in regard to this suit brought by Luther R. Challis against the Pacific Mail Steamship Company. He then retained me.

Q. He retained you in connection with this subsidy?—A. Yes; he retained me also in connection with the suit.

Q. What was the understanding?—A. The understanding was that I should keep him posted in reference to all the litigation in the city of New York, and that whenever it was necessary I should come on to Washington and inform him in detail of the peculiar position of the different suits.

Q. What was the employment in connection with the subsidy?—A. That was it. The subsidy was being embarrassed by the lawsuits that were brought in New York. Those suits were in my opinion intended to embarrass the subsidy, and Mr. Irwin wanted some person who was acquainted with some members of the Committee on Commerce, I think, to inform those gentlemen of the nature of these suits.

Q. Was there any other service that you were employed to render in connection with the subsidy?—A. No, sir; there was no other particularly specified.

Q. Was there any that was understood?—A. No, sir.

Q. Why was the amount of money that passed into your hands \$275,000, rather than any other sum, more or less?—A. My impression of that transaction is that Mr. Irwin gave me that \$275,000 check as he was about to start for California, and that I was to receive the instructions to which I have already sworn. I think he came into the office and threw the check down upon the table.

Q. My question is, why was the amount \$275,000 rather than some

other sum?—A. I have no recollection of any reason being given as to the amount. I suppose that the answer to that question is the instructions which I received from the company.

Q. Did you have any previous understanding that you were to have any sum?—A. No, sir; I did not have any understanding with Mr. Irwin that I was to have any particular sum.

Q. You say that you did not have with Mr. Irwin; did you with any other person?—A. No, sir.

Q. Did you say that a check or draft for \$25,000 came to you from California from Mr. Irwin?—A. I have no recollection of the fact. If it did, I received it as his attorney and counsel, and it was passed away according to his directions.

Q. Now, I want to call your attention again to these certificates of deposit. I first call your attention to the fact that there were two \$50,000 checks bearing your indorsement, which indorsement you recollect.—A. Yes.

Q. The next step in the transaction is the issue of a certificate of deposit to your order for \$90,000, and the payment at the same time of \$10,000. I call your attention to the next step, which is the issue of a certificate of deposit for \$60,000 the difference (\$30,000) being paid in cash, and the \$90,000 certificate being surrendered. Not only that, but on this certificate of deposit for \$60,000, there is a receipt signed by you for \$15,000, and a general indorsement on the surrender of the certificate. Now, I ask you whether all those steps were taken, and you still say to the committee that you have no recollection of the person with whom that transaction occurred?—A. I do. I state that I have no recollection of the transaction, or of ever seeing these certificates of deposit. I had an idea that I had receipted for \$15,000.

Mr. ROBERTS. That appears here.

The WITNESS. I had an idea in my mind on the second day of my examination that I had receipted somewhere for \$15,000, but when I came to examine my recollection more closely, I found that it was not in the city of Washington or in the city of New York.

Mr. ROBERTS. You say that it is possible for a person to indorse a check for identification?

The WITNESS. Yes.

Mr. ROBERTS. That is a single transaction and might readily pass out of the mind of any person, but here are many steps in this transaction after the original indorsement of the two \$50,000 checks. You remark the number of steps connected with these certificates of deposit.

The WITNESS. Yes; but I have not any idea of the transaction. I tried to think how many steps there were, but I can conceive but two.

Mr. ROBERTS. There must have been more than that. There was the issue of the first certificate of deposit for \$90,000, which was indorsed by you. That is one step. That certificate is surrendered and a new certificate for \$60,000 was issued to your order. There is on that certificate a receipt for \$15,000 paid the next day after the issue of the certificate, which must have been a separate transaction; and then there is the indorsement on the certificate which was made on its general surrender.

The WITNESS. That certificate may not have received my general signature, except on the last day.

Mr. ROBERTS. Possibly; I agree to that.

The WITNESS. Or at the time the \$15,000 was receipted for.

Mr. ROBERTS. But this was a separate and additional step. Now I call your attention to these several steps to show you that this is not a

single transaction like the mere identification of a check for an individual.

The WITNESS. I have tried to bring to my mind the transaction, but the only clew to it that I could get was that I had received somewhere \$15,000, and had receipted for it—money that was not mine.

Q. Then I ask you this question: Are you in the habit of having transactions of this magnitude — \$100,000?—A. Frequently, in New York.

Q. Here in Washington? This was a transaction that took place in Washington. Are you in the habit of having transactions of that character in Washington?—A. No, sir.

Q. I ask you whether, in the course of your business in Washington, you have had any other transaction of that magnitude?—A. I do not recollect that I ever had.

Mr. ROBERTS. I desire to fix your attention on the exceptional character of this transaction by reason of its magnitude.

The WITNESS. I know. I have had my mind drawn to it during the last week in the most wonderful manner, and I certainly cannot bring anything of the transaction to my recollection. I cannot answer in regard to it any more fully than I have done.

Q. The question was asked whether you recollected the payment of any money to you at the bank of Jay Cooke & Co., either in certificates of deposit or in checks?—A. I do not recollect.

Q. Now I ask you whether you can swear positively that you did not receive the money there?—A. I would not like to swear positively about anything of the kind, from the fact of that signature coming up in my face, but I have no recollection of any such thing, and therefore I feel safe in answering no.

Mr. ROBERTS. I call your attention to the fact that if these certificates of deposit come up in your face, they also come up in the face of the committee, and therefore I ask you again whether you can swear positively that you did not receive any money on this check?

The WITNESS. I can swear that I have no recollection of the transaction.

Mr. ROBERTS. I call your attention again to the magnitude of the transaction.

The WITNESS. I understand it fully.

Mr. ROBERTS. With great respect, it seems to me that by reason of the magnitude of the transaction, you should be able to answer yes or no.

The WITNESS. I have had various transactions of that nature in my lifetime. My mind has been active, and the transaction has left no trace on my recollection. I cannot recollect anything in regard to it.

Mr. ROBERTS. Then, leaving that point, I desire to call your attention again to your interview at the office of Lyman Elmore. When you were before this committee before, you were not able to state certainly who the other person was.

The WITNESS. I was not. I do not know him.

Q. Now I ask you, after further consideration and reflection, if you are able to state to the committee anything additional in regard to that person?—A. I am not.

Q. You were not able to state at that time who the person was, but the suggestion was then made that it was General Morgan L. Smith.—A. I do not know about that; I was introduced to him as General Smith.

Q. I ask you whether you have seen the same person during this session of Congress?—A. I have not.

Q. Have you any reason to believe that that person is now in Washington?—A. I have no reason to believe so; I have no idea where he is.

By Mr. KELLEY :

Q. Do you recollect who paid that \$50,000 to that unknown man in Elmore's office, you or Mr. Elmore?—A. I did, I suppose; I put it down on the table and counted it.

Q. I have understood you to say that Mr. Elmore did that?—A. No, sir.

Q. Now, in regard to this question of indorsement, you have said that the last indorsement on a check means nothing?—A. I do not say that; I say that with an indorsement on a check with a person who has a good standing in a banking institution, he can get the money on it without his own indorsement.

Q. But you say that the last indorsement on a check, even when being the sole indorsement on it, is not conclusive that it is to that party that the money is paid?—A. No; I do not think that it is conclusive by any means. It is subject to explanation in various ways.

Q. You are a lawyer of some experience, and I ask you whether you have ever known a case in law or equity in which a party to whose order a check or certificate of deposit like that is drawn, having indorsed it, can relieve himself in any way from responsibility for it?—A. He can do so by proving that it was any other person who collected it and received the money.

Q. Can you not prove that now?—A. I have already answered as fully as I could on that subject.

Q. In the absence of such proof, does not law and equity, as well as common public opinion, hold the party indorsing the check responsible for the receipt of the money?—A. That is a legal proposition which is open to the courts.

Q. I ask you whether, as a lawyer, you can indicate any single case in which that has failed so to be held?—A. I do not wish to commit myself to any position in which I might admit a liability in regard to that matter.

Q. Did you not, when you indorsed this certificate of deposit payable to your own order, commit yourself to a liability to the whole amount?—A. I think not.

Q. I wish you to give us the reason by which you would exclude such a conclusion?—A. Because I would swear that it was done under some satisfactory explanation by somebody else whom I cannot recollect, and that he then received the money.

By the CHAIRMAN :

Q. It takes about six days, does it not, for a letter to reach New York from San Francisco?—A. I believe so—seven or eight days.

Q. Then a remittance made on the 12th of the month would reach there about the 18th or 19th, would it not?—A. I suppose so. I have come from California myself in seven days.

Q. I have Mr. Irwin's bank-account in California, in which he is charged on the 12th of June with \$22,000, and on the 13th of June with \$33,000. Then I look at your bank-account and see that on the 19th of June you are credited with a deposit of \$27,000?—A. My impression of that is that it was a call loan.

Q. When you were last before the committee you could not tell about that?—A. I could not tell, but my impression is that it was money derived from the sale of some securities. I have no idea from what it was, unless it was that. I cannot account for it in any other way.

Q. Is it among the possibilities if Mr. Irwin did remit to you \$25,000 on the 12th or 13th of June, and if you deposited \$27,000 in six or seven days after that, and if you are unable to tell what else you did with the \$25,000, from Mr. Irwin, or where else you got the \$27,000, that that is an explanation of it—that you got it from Mr. Irwin and deposited it to your own credit?—A. I should not like to say so, but I have no recollection of it.

Q. You cannot account for the disposition of the \$25,000 in any other way?—A. I do not recollect having received it or having disposed of it.

Q. You cannot account for the disposition in any other way?—A. I do not account for the disposition of it. I disposed of it as he directed.

Q. You cannot account for the disposition of this \$25,000 in any other way? Can you account in any other way for the source from which you got the \$27,000?—A. I have already answered in regard to that matter as fully as it is possible for me to do.

The CHAIRMAN. You came on to Washington on the 30th of May, 1872?

The WITNESS. About that time.

The CHAIRMAN. You had the \$50,000 check cashed at Riggs's on the 31st of May?

The WITNESS. About that time.

Q. You stated to us that the bill became a law on the 1st of June?

A. Yes.

The CHAIRMAN. And that you stayed about here two or three days in order to see if there was any other competitor for the subsidy?

The WITNESS. I think I stayed here, off and on, for a number of days after that.

The CHAIRMAN. On the 5th of June somebody turned up in Jay Cooke & Co.'s bank with two \$50,000 checks indorsed by you. That was pretty close on to your being here?

The WITNESS. I have no doubt that I was here at that time; I think I was.

The CHAIRMAN. It was then just as easy for you to transact this business in Jay Cooke's bank as for any other man to do so, so far as your presence in Washington was necessary?

The WITNESS. I was here in Washington.

The CHAIRMAN. The next day, the 6th of June, you sent a receipt for \$15,000 of the money. What sort of difficulty was there in the way of your having done that in person rather than by proxy?

The WITNESS. If I knew anything of it, either by person or by proxy, I certainly should tell you, but I have no recollection of anything about it.

The CHAIRMAN. I do not intimate that I suppose you are not willing to tell; I am only trying to find out if I can help you to remember. Do you know of anything on the 6th of June, when you say you were here, in the way of your attending to that in person, as it appears to have been done by you?

The WITNESS. I do not recollect having done it in person at all.

The CHAIRMAN. There was nothing in your whereabouts which would render it impossible for you to have transacted this business in Jay Cooke's bank?

The WITNESS. Nothing that I can recollect.

The CHAIRMAN. Do you recollect anything that you were doing at that time that would have prevented you?

The WITNESS. I do not, positively.

The CHAIRMAN. State whether you have on your professional books any charge of any kind against the Pacific Mail Steamship Company.

The WITNESS. I have not.

The CHAIRMAN. For consultations with Judge Nelson or any other counsel, you have made no charge on your books?

The WITNESS. I have not.

Q. You have kept professional books?—A. I never had a day-book or ledger in which I made any charges for consultations, or anything of the kind. When I have transacted my business, I make my charges. I kept a register of the law-cases that I had.

Q. Have you consulted that to see whether you could find any entry against the Pacific Mail Steamship Company?—A. I have consulted the book to see whether I was the attorney of the company in any of their cases. I was not their attorney, but merely their counsel. The book I refer to is a register of the law-cases in which I am engaged. I never have kept an account-book in my life.

Q. The book to which you refer, is it a blank-book made for the use of lawyers to enter their cases in?—A. Yes; cases in which they are attorneys. I never had a ledger or a day-book to note the daily receipt of fees.

Q. And yet you have done heretofore a large professional business?—A. Yes; but I have never kept any books. I have been engaged in a large law-business in New York, but the gentlemen with whom I have been connected have been just as careless as myself, and we never kept day-book or ledger. One of these gentlemen is General Crooke, and I know that we never kept a day-book or ledger in which we charged any particular item. When the case was through we would consult how much we ought to charge, and if our client paid it, well and good; if not, we lost it.

By Mr. BECK:

Q. Do you know Mr. Boyd Winchester, a member of the last House of Representatives?—A. I do, well.

Q. There has been some suggestion made that he had got some money out of what is known as the Schumaker corruption fund; did you, directly or indirectly, approach him in any way?—A. Never, in any way, shape, or manner. He was understood to be opposed to the bill from beginning to end. He was a consistent opponent of all subsidies and all land-grants.

Q. In the National Republican of Tuesday appears this paragraph: "On Saturday night Boyd Winchester, ex-democratic member from Kentucky, was engaged in making a speech at Louisville denouncing the administration of General Sheridan. On Sunday night following, the charge was put in type in two-thirds of the newspaper offices of the country that he received \$1,000 of Schumaker's Pacific Mail corruption fund."

Is there any truth in it?—A. Not a word of truth in it.

By the CHAIRMAN:

Q. Without any inference against Mr. Winchester, I would ask you how you can be so positive in regard to it, if you do not know where a dollar of the money went?—A. I simply mean to say that I never paid him any money, or know of a dollar being paid to him. I never talked to Mr. Winchester about the Pacific Mail subsidy, but I heard him, on frequent occasions, in conversation with other members, express himself opposed to the subsidy.

Q. Did you indorse any check that went to any member of Congress?—
A. No, sir.

Q. Or certificates of deposit of any kind?—A. No, sir.

By Mr. ROBERTS:

Q. You say that you do not recollect for whom you indorsed those certificates of deposit. How, then, can you answer whether it was not for a member of Congress?—A. I am asked for my personal knowledge; I do not talk about where the money might have gone.

Q. You say positively, as I understand it, that you did not indorse any check for any member of Congress?—A. I do.

Q. And yet I understand you to say, in regard to these certificates of deposit, that you do not recollect for whom you indorsed them?—A. I have not the slightest recollection.

Q. Then, I ask you how you can swear positively that you did not indorse them for any member of Congress?—A. I think I would have recollected the fact if I had done so for any member of Congress. I do not suppose that I would have done so for any member of Congress.

Mr. Clarke Bell, attorney for the Pacific Mail Steamship Company, presented and read to the committee the following certificate:

I, Thomas T. Gamble, secretary of the Pacific Mail Steamship Company, hereby certify that I have carefully examined the minutes of all meetings held by the board of directors, and all meetings of executive or other committees of said company, from the 1st day of January, 1871, to the 31st day of May, 1873, and that the names of John G. Schumaker or Richard C. Parsons do not appear on any of said minutes in any way; and that there is no record of either of them having been employed by this company as counsel, attorney, or in any capacity whatever.

In witness whereof I hereunto subscribe my signature and affix the corporate seal of the company this 11th day of January, 1875.

[SEAL.]

THOS. T. GAMBLE,
Secretary.

WASHINGTON, D. C., *January 22, 1875.*

RICHARD B. IRWIN recalled.

The CHAIRMAN. I was about to ask you some questions yesterday afternoon after you had stated that you gave Mr. Schumaker a check for \$275,000, and when he said that it ought to be \$300,000, and you told him that you would remit to him the balance from California. I would like to ask you now what he said to you about the understanding with you being that the amount should be \$300,000 rather than \$275,000. You and he seem to have differed, or at least you had got the impression that the amount was \$275,000 and he that it was \$300,000.

The WITNESS. All that took place, as I recollect it at this distance of time, was simply this: I handed him the check for \$275,000, and he said something like this: "Is that right?" I said, "That is according to my recollection." He said, "I thought it was to be \$300,000." I then, without anything more being said, thought the matter back, and remembered that he was right; and, being quite unwell at the time, and being at the point of going away, I merely said, "Are you in a hurry for the money, or will you wait till I get to California and remit it?" That is all that took place.

Q. When you came to think it over, that it was \$300,000 as he sup-

posed, will you tell us what the arrangement was? State to us the precise understanding between you and Mr. Schumaker, whereby he became entitled to this \$300,000.—A. The precise understanding, as I recollect it, was that in consideration for his services here, in procuring the passage of the bill, he should receive, on its final passage, \$300,000. The understanding with Mr. Schumaker was a little different from most of the others, and his compensation was large, in my view, for this reason. He received nothing in advance, while almost all of the others wanted something to go on with. His compensation being entirely contingent, and his services being the principal services rendered in the case, he received, necessarily, the largest compensation. I am stating my view of the case. There was so little said that Mr. Schumaker may have had a different view.

Q. The whole fee of \$300,000, then, was contingent on the passage of the bill?—A. Yes, as I understood it.

Q. As you understood it, was it all for his own use?—A. I so understood it. There was nothing said between us to indicate that it was or that it was not all for his own use. I simply retained him and asked him what he would want. He stated that sum, and I considered that a fair sum for his services, as he was a man of position and ability and commanded the confidence of those with whom he talked.

Q. Whatever arrangement was made with Mr. Schumaker in the matter, so far as you know, was made with him by yourself?—A. So far as I know; although since Mr. Schumaker's testimony has been given, and thinking over the various points suggested by it, I remember one circumstance which would seem to indicate that he might also have been retained by Mr. Stockwell, but yet I was a little surprised when I first read that in his testimony. That circumstance was this: I had never reported to Mr. Stockwell at any time the fact that I had retained Mr. Schumaker, but Mr. Stockwell, at one time when I was in New York, spoke to me on the subject, and wanted to know what Mr. Schumaker was doing, and how he was getting on. I said to him, "How did you know that I had retained Mr. Schumaker?" He merely nodded, in his off-hand way, and said that it was sufficient for me to know that he knew it. When I learned afterward that Mr. Nelson, whom I took to be Mr. Schumaker's partner, had been retained by the company in the Luther R. Challis suit, I made the connection in that way, and presumed that Mr. Stockwell was fully aware of it, and so nothing further was said about it.

Q. Do you know of any arrangement made with Mr. Schumaker other than that which you yourself made with him?—A. I have no knowledge of any arrangement between Mr. Schumaker and Mr. Stockwell.

Q. When you delivered the \$275,000 check to him where were you?—A. I have been trying to think, but I cannot be positive. My impression is that it was in Mr. Schumaker's office; but I cannot quite make the dates agree.

Q. For what purpose did you deliver that check to him?—A. I delivered it to him in execution of what I understood to be the contract.

Q. In compensation for his services?—A. Yes.

Q. Was there any expectation on your part that any part of it was to be returned to the Pacific Mail Steamship Company?—A. No, sir; nor was there anything to base that expectation upon. I did not suppose that anybody who got money from me would give it back to the company again.

Q. Nothing passed between you and him to justify any such expectation?—A. Nothing to justify any such impression on my mind.

Q. Did you say to him, "Take out of that your fee, and then you will receive instructions what to do with the balance?"—A. I am very certain that I could not have said that, because that would have reversed entirely the understanding which I had. I cannot recollect, at this distance of time, what I did say, but my recollection negatives that statement.

Q. Did you deliver to Mr. King the \$115,000 check at the same time that you delivered the \$275,000 check to Mr. Schumaker?—A. No, sir; at a different time.

Q. Where were you when you delivered that?—A. I have a very distinct recollection of that circumstance. I was in the Continental Hotel in Philadelphia, standing at the desk near the telegraph office, on the right-hand side as you go out of the front door on Chestnut street. I wrote the check then and there. The reason that I recollect it so distinctly is that I had filled up the first check for \$15,000. Mr. King went away, and soon after came back with it, and said, "There is some slight mistake about this." I looked at it and said, "Yes, I should think there was; the check should be for \$115,000." I filled up another check and gave it to him. I had a very bad headache at the time, from which I suffered for the next three months. This was the beginning of that condition. Mr. King came back again in a few minutes and said, "This is worse than the other." I looked at it and saw that the check was filled up for \$115, so I filled up the third check and said, "Now look at that, and be certain that that is all right."

Q. And the third check was for how much?—A. For \$115,000.

Q. Now, let us leave Mr. King for a moment, and come back to Mr. Schumaker. Did you have any understanding with Mr. Schumaker that he was to take any part of that money to Washington, and to pay it to any known or unknown man here in Washington?—A. I had no understanding with Mr. Schumaker that he was to pay that money to anybody. So far as any understanding with him was concerned, Mr. Schumaker might have done anything he pleased with the money, for it belonged to him absolutely.

Q. Have you seen Mr. Schumaker's testimony with respect to his coming on to Washington and delivering \$50,000 to a man who was supposed to be General Smith, in the rooms of Mr. Lyman Elmore?—A. I have.

Q. Have you any knowledge of that transaction?—A. I have no knowledge whatever of it; I was west of the Missouri River at that time.

Q. You had no knowledge of any such arrangement before it happened?—A. No, sir; I had no knowledge whatever of such an arrangement.

Q. Had you ever any knowledge of it since until it was disclosed by him?—A. No, sir.

Q. Have you now any knowledge of it, except from Mr. Schumaker's testimony?—A. My entire information on the subject comes from Mr. Schumaker's and Mr. Elmore's testimony.

Q. Have you any facts within your knowledge that bear upon that transaction?—A. No, sir; neither affirmative nor negative.

Q. Have you any knowledge of the employment on behalf of the Pacific Mail Steamship Company at that time of any General Smith?—A. No, sir.

Q. Or of any Mr. Smith?—A. Among the noble army of martyrs there may have been the name of Smith, but I did not see it.

Q. And you have no knowledge of the employment of any gentleman

of the name of Smith in that connection?—A. I do not recollect the name in that connection.

Q. Do you recall the name of any gentleman employed by you who was entitled to receive \$50,000, except the gentlemen whose names you have given?—A. No, sir.

Q. Do you know of any gentleman who was entitled to receive any portion of the money except those whose names you have given?—A. I do not recall any such at present. I want to add some names to those that I gave yesterday. I was answering yesterday with special reference to the payment of money for services. My attention was called, after I got home and got to thinking about it, to the fact that I had answered that there were no other names on Mr. Abert's list. I remember now that Mr. J. M. Morris was on Mr. Abert's list. He was the late editor of the Chronicle, and was also employed at the time in the office of the Secretary of the Senate. The payment to Mr. Morris was not for services in connection with the subsidy, and for that reason it escaped my attention at the time. The Chronicle not only did a large amount of job printing for us, for which we paid them, but also published a number of editorials and statistical paragraphs. After we got all the way through, I came to the conclusion that Mr. Morris was entitled to be paid for this; he said he would take whatever I thought was right, and I paid him \$1,500 as being about a fair compensation for that work, without attempting to count so much a line or so much a page. He got \$1,500 from Mr. Abert. Then, for similar advertising by other Washington newspapers, including the Patriot and the Herald, we paid about \$1,500 more; and through Mr. Moran, for correspondence all over the country, not specially advocating subsidies, but simply keeping the public mind fresh and sweet upon the subject, we paid about \$1,000 more. That was so much a week for a certain length of time.

Then, in regard to services, I said yesterday that Governor Randall had received \$10,000. I dislike very much to bring the name of a dead man into this case, but it is necessary to do so. This matter is now three years old, and people cannot be immortal, even to suit the purposes of an investigation. Mr. Randall received from me a special payment of \$35,000 entirely independent of what was paid to him for his own services. He received that payment from me for a specific purpose, and not to be accounted for. I will explain the specific purpose to the committee. When the bill was first before the House, and was defeated, (I think about the 20th of March, 1872,) one of the causes that contributed most powerfully to its defeat was a stock combination in New York, consisting of Henry N. Smith and others, including the venerable Daniel Drew, as reported to me. His name is always used wherever there are any short operations in stock, whether he is interested in them or not. I went to New York, saw Mr. Stockwell, and confirmed from his statement my own opinion as to what was going on. The object was not only to have persons here to keep the public constantly and accurately misinformed, but also to send all kinds of circulars here from New York, on authority, as to what the Pacific Mail Steamship Company had been doing, was doing, and was going to do; such as that it was going to run this semi-monthly line to China, whether it got the subsidy or not. Then they brought a suit in New York against Mr. Stockwell, in the name of one of those professional stockholders whom they have there for the express purpose of bringing such suits—Mr. Challis and somebody else. It was supposed that Mr. Henry N. Smith and others were behind that suit. They carried it on every day while this proceeding was pending before the House. The suit had gone to a

referee; and whether there was much or whether there was little done, every day it was published in the newspapers, and all came down here. I remember one day, the 19th of March, that the proceeding took this form: The subsidy was about to pass, as everybody supposed except myself, (I did not think it,) and there was a good deal of speculation, long and short, on the subject. Mr. Challis's lawyer asked Mr. Stockwell, whom he had got on the stand as probably the best witness for that purpose, whether the company had not an agent in Washington. That question was objected to by Mr. Nelson, Mr. Stockwell's counsel; but Mr. Stockwell insisted on answering the question, and Mr. Nelson, of course, had to stand back. Mr. Stockwell said, "Yes; we have an agent in Washington; Mr. Irwin is our agent there. He is our agent at San Francisco and represents us in Washington." The question was then put to him, "Are you spending any money to get this bill passed? How can Mr. Irwin represent the company in Washington?" Mr. Stockwell replied, "The manner in which he represents the company in Washington is best known to ourselves." That statement came down here right hot over the wires, and, of course, it was one of the causes that contributed to frighten everybody. Mr. Stockwell then acted on advice which I had given him before and settled that suit. I understood from him afterward that he had paid that combination, which had got up that suit against him, \$100,000 to withdraw the suit. I do not know how true that may be, but that is what he told me afterward.

Now we come along to the time when the bill was before the Senate in the early part of May. Then there was a second stock combination got up with the same and other persons reported to be in it. I went over to New York and spoke to Mr. Stockwell again about it. He told me, "Those damned fellows have got me again." I told him what my information was, and it was substantiated by what he said, that Mr. Daniel Drew had sent over a telegram to one of the Senators to come on to New York, and that this Senator had told him that he could control six votes; that what we used to call in those days "the Methodist party" was going to do the job of fighting the bill in the Senate. The Senator referred to was Mr. Harlan. Governor Randall came to me and reported (and this is why I bring in his name) that Mr. Harlan had received that dispatch, and had gone on to New York, and was coming back again and was going to have his six Senators vote and work against the bill. Some of them did, and some of them did not, but Mr. Harlan was a furious and implacable enemy of the bill all the way through; he fought it with every kind of misstatement. I do not mean that he said things which he knew to be false, but he fought the measure with every kind of misstatement furnished to him for the purpose.

Mr. KASSON here interrupted the witness and objected to his discussing the course and action of Senators.

The WITNESS. I did not intend to do that, and I am much obliged to you for stopping me there, because I was getting off the track. I only wanted to connect this matter with Governor Randall. Mr. Stockwell said, "I suppose I can settle this thing in New York for another \$100,000." I said, "I can do it cheaper in Washington." He said, "How?" I said, "We will go right into the market and buy their men there instead of your buying the principals here." He said, "Go ahead and do it, and tell me how much money you want for it." I sent him word back that I should want \$35,000. He sent it to me, and I put it into the hands of ex-Postmaster-General Randall, in whom I had the

most implicit confidence, and I have not the slightest doubt but that he spent every cent of it for that purpose.

Q. Will you explain what you mean by buying their men?—A. I mean buying the agents whom they had sent here for that purpose; I do not mean their friends in Congress, but the men whom they had sent down here.

Q. And you paid this \$35,000 to Mr. Randall for that purpose?—A. Yes, sir.

Q. For no other purpose?—A. Not for any other purpose.

Q. And you put it into his hands not to be accounted for?—A. Yes, sir; and he never did account for it.

Q. Do you know what, in fact, he did with it?—A. I do not, except that he told me he had silenced the opposition; and he had done so; I mean that he had silenced the outside opposition.

Q. How did you make that payment to Mr. Randall?—A. Partly in check, and partly in money.

Q. About what time?—A. Some time in the early part of May, as nearly as I can recollect.

Q. Did you pay him in checks that you received from the company, or in your own checks?—A. In my own checks; I paid out none of the company's checks.

Q. Your own checks on what fund?—A. I think they were my own checks on the American Exchange National Bank of New York. The funds were there. I kept my own money and the company's money there together in my own name. I want to say that in speaking of Mr. Harlan I did not intend to convey the slightest idea that he was interested in any of those operations, but he was probably made use of by his friends on whom he relied, to circulate information, which he believed, but which I knew to be false. I think we paid Mr. William Moran either \$10,000 or \$15,000, I cannot recollect which, and I think that Mr. Samuel Hatch received a larger amount than I mentioned yesterday. I think that he got another check, which I had forgotten about.

Q. What was the nature of the duties to be performed by Mr. Samuel Hatch?—A. I cannot give you a very accurate idea of them. I employed him because Mr. Stockwell told me to do so.

Q. Did you make any arrangement with Mr. Hatch for the performance of services by him?—A. They were made by me under Mr. Stockwell's order.

Q. Tell us what was the character of that arrangement?—A. The general character of the arrangement was that he was to use his influence to assist in the passage of the bill, although these words were not used.

Q. Tell us, as nearly as you can, what passed between you and Mr. Hatch.—A. Mr. Hatch came to me in Washington. I was directed by Mr. Stockwell to employ him. I knew that he knew that I was so directed, and there was nothing more to be said, except that I told him to go ahead and do what he could. I do not think that anything more was said.

Q. Did you pay him any portion of that money?—A. I did. All that was paid to him was paid by me, so far as I know.

Q. For what purpose did you pay him?—A. For the services which he had rendered, in accordance with Mr. Stockwell's order.

Q. You say that you made a mistake yesterday in the amount paid to him?—A. I think there was another check paid to him, making the aggregate amount about \$30,000, but I would not like to be positive about that.

Q. Can you not give us anything about the character of his services?
—A. So far as came to my knowledge, I do not think he did anything but go around and talk to the members whom he knew.

Q. Was any portion of that money given to him with the understanding that it was to be paid to influence any member's vote?—A. Not on my part.

Q. Was there any knowledge, on your part, of any sort, that that was the understanding?—A. No, sir.

Q. Was any of it to be used in any district for political purposes?—A. No, sir. Not under my understanding. He might have used it just as others might for any purpose which he chose.

Q. I will make the question broad enough to cover all of these expenditures. Was any dollar paid with the understanding that it was to be used in any way in any member's district for political purposes?—

A. There was no such understanding that ever came to my knowledge.

Q. So far as you know, has any of this money been so expended in any man's district for political purposes?—A. So far as I have knowledge it has not been.

Q. Has it been expended anywhere for election purposes in the broadest sense?—A. I have no knowledge that any of that money was used for election purposes.

Q. Was there any understanding, expressed or implied, that has come to your knowledge, that any of it was to be expended in that way?—A. No, sir.

Q. Did any list of members pass between you and Mr. Hatch?—A. Every man connected with the thing who purported to be using his influence, showed me, at different times, lists of the members to whom he had spoken on the subject, and who he thought would vote for the bill, and of those whom he had spoken to, and who he thought would vote against it, and of those who were doubtful, and who would have to be spoken to by somebody else.

Q. You mean that they canvassed the list of members in regard to the subsidy?—A. Not the whole of the list. Mr. Hatch came to me once or twice, and showed me a list, and said something like this: "I have spoken to these men marked in red, and they are for it. And I have spoken to these men marked in blue, and they are against it. And I have spoken to these men with a dot opposite to their names, and they are doubtful, and have not made up their minds.

Q. About how many members had Hatch allotted to him for that purpose?—A. He did not have any allotted to him. He received no directions from me whatever. He went off, on his own account, and did what he could, to earn his money.

Q. How many members did he represent to you, from time to time, that he had labored with either *pro* or *con*?—A. I should think about twenty.

Q. Were they from any particular section of the country?—A. No, sir; most of them were southern and western men.

Q. He was a southern man himself?—A. I do not know whether he was or not. He had been in New Orleans.

Q. Did he represent to you that he had any special facilities in regard to members from any particular section?—A. No, sir.

Q. Who commended him to you to the extent of \$30,000?—A. A. B. Stockwell.

Q. Had you any knowledge yourself of any specialty to which Samuel Hatch directed himself?—A. No, sir, except that he was a large, handsome, affluent man.

Q. Can you tell us in what terms Mr. Stockwell commended him to you to that extent?—A. This is going a long way back. I think Mr. Stockwell told me (I do not want to drag in anybody's name unnecessarily) that Rufus Hatch, who was working with Mr. Stockwell at that time, had recommended Sam's employment, and had stated that he was a good man to be employed.

Q. Is he a relative of Rufus Hatch?—A. I think not.

Q. Did you have the impression at the time that he was a relative?—A. I did not. I had the impression that he was a relative.

Q. Where did you first become acquainted with A. H. Whiting?—A. I forget whether I met Mr. Whiting first at San Francisco or New York. I met him before this thing came up.

Q. Was he known to you for a long time before this thing came up?—A. No, sir; I think not.

Q. Had he any business connections or relations, of any kind, with the Pacific coast?—A. Yes. He was, or had been, a member of the firm of Hooper, Whiting & Co., of Arizona. I forget whether I first made his acquaintance in San Francisco, or whether I was introduced by Mr. Hooper, or not; but I knew him in that connection.

Q. Had he any family connection on the Pacific coast?—A. That I cannot say, but my impression was that Mr. Whiting was a connection of some sort, either cousin or brother of Mr. Whiting, whose sister married ex-Senator Cole, but I have not enough knowledge on the subject to speak about it.

Q. Where was Mr. Whiting's residence at the time you met him in San Francisco?—A. He was engaged in the Arizona trade, and I hardly know whether to say that he had his residence in San Francisco, Arizona, or New York. They had business in all three places.

Q. Did you meet him here in the spring and summer of 1872?—A. I did.

Q. Was it an accidental meeting?—A. No, sir; it was not.

Q. Tell us by what arrangement it was brought about.—A. It was brought about by an arrangement which I made at his office in New York.

Q. State what it was.—A. As nearly as I can recollect the arrangement now, he was to come here to Washington and use his influence in behalf of the measure. He was to do whatever he could and whatever I told him. That was the understanding. He wanted a very large sum of money for his services, and I hesitated for some time about giving it, but I came to the conclusion that they were worth it, and I made the arrangement with him.

Q. What reason did he assume for putting so high an estimate on his services?—A. He did not give any reason. He just said that he wanted it. I am, perhaps, putting the case rather wrongly because the impression on my mind was that he did not want to have anything to do with the matter, as it interfered with his business in New York and Arizona.

Q. You came to the conclusion afterwards that he was worth it; what led you to that conclusion?—A. I found that he had a good deal of influence with different people whom I did not have any influence with, and particularly with Senator Cole. I found that Senator Cole was very indignant with the Pacific Mail Steamship Company, not with me personally, for having interfered, as he supposed, in his election, or rather his non-election as candidate for Senator; and although I endeavored to assure him that we had not anything to do with it, I found it very difficult to do so, because he believed that we had, and I rather believed so myself at one time, although I had had nothing to do

with it. He said that some of our men had been up at Sacramento working against him.

Mr. KASSON. He said so to you?

The WITNESS. Yes. He knew also that I was a very warm personal friend of Senator Sargent, and that I would probably and naturally have desired Senator Sargent to be elected, although I had not, as a matter of fact, interfered with that election in any way whatever; still it was a fact that some of our subordinates had taken part in the campaign for Mr. Sargent and against Mr. Cole without my knowing anything about it at the time. We never interfered with what they did one way or the other as citizens. Some of them went one way and some the other, and some of them were tolerably active. I discovered that afterwards, although I had particularly cautioned those men whom I found the most active not to take any part whatever in the senatorial canvass.

The CHAIRMAN. It is hardly worth while to cumber up our record with details of the fact. You found Senator Cole unfriendly to the measure, and you thought that his unfriendliness was partly due to an idea on his part that the company and its agents had been politically adverse to him.

The WITNESS. Yes, sir; but that covers a little too much ground. I did not find Senator Cole unfriendly to the measure at all. He was in favor of the measure, and always had been. But he saw just as I did, that he would have to take the laboring oar in the Senate, because it was regarded as a Pacific Coast measure. He could not just sit down and vote for it and make speeches for it; he would have to work for it, and he was not going to do that for people whom he regarded as politically opposed to him. I take it that every politician understands that.

Q. Finding him in that mood, and finding that Mr. Whiting reported himself as having a good deal of influence with Mr. Cole, was it that which led you to employ him?—A. Mr. Whiting did not so represent himself.

Q. Give us the reason for your statement that afterward you thought Mr. Whiting's services were worth what he asked.—A. I originally went to Mr. Whiting because I believed that his personal relations to Senator Cole were such that if Mr. Whiting was personally interested in the matter, Mr. Cole would take hold of it and work for it, and I knew he would not do so unless some of his friends were interested in it, because he believed us to be his enemies.

Q. Now, about the conclusion that you came to, that Mr. Whiting's services were worth what he asked; what led you to that conclusion?—A. I thought they were worth what I paid Mr. Whiting.

Q. In order to exert his influence in the quarter you have indicated?—A. And in other quarters, but principally in that quarter.

Q. What other quarters did you expect him to exert his influence in?—A. I do not think that he had much influence anywhere else. He reported that he had influence with other people, but I never attempted to follow it out.

Q. You think that he overestimated himself in that regard?—A. He may or may not have done so; I never followed it out.

Q. But did he overestimate himself in the quarter which you have indicated?—A. The only answer I can give to that is the fact that Senator Cole took a warm interest in the measure after Mr. Whiting had become personally interested in it, and after Mr. Whiting had satisfied him, as he did very soon after he became interested in it, that my position in that senatorial election had been entirely misrepresented.

Q. He became an aggressive advocate of it after that?—A. Yes, sir.

Q. I mean forcing it on the Senate?—A. Yes; I understand what aggressive means by this time.

Q. Now tell us what Mr. Whiting did ask for his services?—A. My impression is now it was \$100,000.

Q. What did he agree to do for the \$100,000?—A. He was not to do anything except to use his influence in Washington in the Senate. He did agree to that.

Q. He was to use his influence in the Senate for the \$100,000?—A. Yes; contingent on the passage of the bill. I do not want to make any point of order, but I wish to know whether I am protected in answering these questions in regard to affairs that transpired in the Senate.

The CHAIRMAN. We will take care of you.

The WITNESS. All right.

Q. How was he to exert his influence in the Senate? Otherwise than as you have already stated?—A. No, sir; the first thing I told him to do was to go and satisfy Senator Cole's mind on two subjects on which I had already tried to satisfy him. One was on the question of our interference in the senatorial election at Sacramento, (which Mr. Whiting did,) and the other was to satisfy him as to my personal relations with two friends in California, Mr. Sargent and Mr. Gorham, who were Mr. Cole's enemies. I simply wanted him to satisfy Senator Cole that my relations with those gentlemen were entirely personal, and that they were my personal friends.

Q. Mr. Whiting's special duty was to labor with Mr. Cole?—A. That was the most important duty he was to render, and I have no knowledge of his doing anything else.

Q. This agreement you made with him in New York, before he came here?—A. Yes, sir.

Q. And you agreed to give him \$100,000 contingent on the passage of the bill?—A. I think I paid him \$5,000 in cash before I came here, and that he afterwards returned me that \$5,000 out of the check.

Q. Did you see him frequently while he was here in the discharge of his duty?—A. I saw him every now and then.

Q. Did he report progress to you?—A. I suppose he would say that he did, although my information was always a little bit ahead of his, so that it made no impression on my mind.

Q. You said a little while ago that you thought afterwards he was worth the money.—A. When I said "afterward" I meant that I took a day to think of it in that connection; "afterward" means the next day.

Q. Subsequently to your final conclusion of the contract, had you any occasion to change your opinion as to the value of his services?—A. No, sir.

Q. When did you see Mr. Whiting last?—A. I have seen him since then; I am not sure whether in New York or in San Francisco.

Q. Have you seen him since your return from Europe?—A. No, sir; I have not seen him for two years.

Q. Have you heard from him since your return from Europe?—A. I have not heard from Mr. Whiting in any way since.

Q. Do you know where he is now?—A. I have not the slightest idea.

Q. Do you know any business connection or locality of his in the East?—A. He had once an office on Broadway, and that is where I went to see him.

Q. Where was he the last time you heard from him?—A. The last time that I can say I heard from him was when I saw him in New York

and paid him this money. I think I have seen him since, but not to have any business transaction with him.

Q. Did you take any written evidence of the payment of this money to him?—A. Nothing but his signature on the back of the check.

Q. State the conversation which you yourself had with Mr. Cole.—A. I had no conversation with him as to Mr. Whiting's employment.

Q. Did you, at any time, have any conversation with him about Mr. Whiting?—A. No, sir; none whatever.

Q. Did you have any conversation with him in regard to the subsidy?—A. Yes; I had a great many conversations with him, but none bearing on Mr. Whiting in any way.

By Mr. ROBERTS:

Q. You paid to William S. King a sum of money; state to the committee what that payment was for.—A. My impression in regard to that (which is all that I can state to the committee, for it is all that I know) is that that money was paid to Mr. King for his services in aid of the passage of this bill, but the arrangement (if there was any arrangement) having been made by Mr. Stockwell himself, before I came here, I do not know what Mr. King's understanding of it was, and I do not know what Mr. Stockwell's understanding of it was.

Q. You paid the money to him for services; can you state what services he in fact rendered?—A. I think that prior to the time when I took complete charge of the measure, (which was not really until after it had failed the first time in the House,) Mr. King spoke to various members on the floor in relation to it, and it was because I found that he was doing more harm than good that I took the responsibility of going to him and telling him to keep off the floor and let members of the House alone. I found that he spoke to friends and to enemies indiscriminately; and it was always my principle not to speak to enemies of the measure and to post them as to our points. I told him that if he could do any good at all he should go over on the Senate side and work there, and not to talk to anybody unless he was certain that they were friends of his, because there were many persons whom he regarded as his friends who were not very friendly to him.

Q. In fact you found that Mr. King was speaking to members of the House in behalf of the subsidy?—A. I was told so; I was not there myself to see him, but it was reported to me by several gentlemen that he was doing so. I did not investigate it at all, but I merely told him that, and I think that all the services that he rendered were rendered on the other side of the Capitol.

Q. You yourself employed Mr. John G. Schumaker?—A. Yes, sir.

Q. What was the understanding in the employment of Mr. Schumaker as to the services which he was to render?—A. My understanding of the case at the time was (without there being any special words used to convey it) that Mr. Schumaker was to use his influence in the House of Representatives in aid of the measure, and that on the passage of the bill he was to be paid so much for his services.

Q. So much for his individual services, or so much for his disbursements and services?—A. If he made any disbursements it was to be covered by that. There was no understanding in regard to disbursements whatever, so far as I was concerned.

Q. Was there any authority that he should make any disbursements, provided it was included in the sum paid to him?—A. No other authority than that which was included in the payment of the \$300,000 to him, and leaving him at liberty to do what he pleased with it.

Q. He was at liberty to do what he pleased with all that money?—

A. Yes; just as any man is with his own money.

Q. But the payment of the money was to be contingent on the passage of the bill?—A. Yes, sir.

Q. How was it expected that he would use his influence on members of the House?—A. In the same manner as influence is always used on every bill, by conversing with members, by sending others to converse with them, by pointing out the friends of the bill on the one hand, the enemies on the other, and the doubtful by themselves, because it is as good a point to avoid talking to the enemies of a bill and posting them as to its points, as it is to talk to its friends.

Q. I ask as to the expectation which you had of the influence that he would exert.—A. My expectation was that he would do whatever was necessary, so far as the use of influence was concerned, and whatever was usual, so far as influence is concerned, in aid of legislation.

Q. Was he authorized to employ any person to assist him, or was it expected that he would employ any person to assist him?—A. He was not directly authorized, and I had no expectation on the subject, except that I considered him virtually in charge of the measure in the House to the extent of paying him this large sum for his services.

Q. You considered that he was virtually in charge of the measure in the House?—A. Yes; I did not go to the House myself at all.

Q. Did he report to you that in fact he had employed any one to assist him?—A. I think not.

Q. Did he make any report to you during the progress of the matter in the House?—A. Yes.

Q. What was the nature of the report?—A. He reported from time to time what the appearance of things was, what the opponents of the bill were doing, and who he thought were friends and who enemies.

Q. Did he give you a list of those whom he regarded as friends of the bill?—A. I think that at different times we went over the list of members who were either for or against, or doubtful, and we corrected the list from time to time.

Q. Was any understanding reached between you two as to the means to be adopted for securing the support of those who were marked doubtful?—A. No, sir.

The witness was here, at his own request, excused from giving further testimony until Monday next.

WASHINGTON, D. C., *January 22, 1875.*

W. F. G. SHANKS sworn and examined.

By the CHAIRMAN:

Question. State your residence and occupation.—Answer. I reside in Brooklyn; I am the city editor of the New York Tribune.

Q. The editor of the Tribune, Mr. Reid, in testifying here in regard to certain rumors that got circulation in the Tribune, said he was unable to tell exactly how they reached his ear, but he supposed they had done so through some of his subeditors and reporters, and among the number he gave your name as a possible communicant of those rumors to him; will you state to the committee all the knowledge you have in reference to the ground for the rumors and statements which found their way into the Tribune, or which you communicated to Mr. Reid?—A. In citing me as authority for the statement that Mr. Oakey Hall had

connected Mr. Wood with the Pacific Mail Steamship Company, Mr. Reid was perfectly correct.

Q. State what foundation you had for that statement.—A. Mr. Hall so stated to me in Delmonico's about the date that Mr. Reid mentioned.

Q. Repeat what Mr. Hall said to you?—A. The conversation came up in this way: The reports of the investigation committee in New York on that day had some allusion to the mysterious man with the remarkable mustache, and it was said, I think, in one of the reports that Mr. Beck had referred in connection with it to Mr. Wood's mustache, and that Mr. Wood had said, "No more on that head, if you please." I had remarked to gentlemen who were dining with me at the time that the manner in which it was reported would seem to point at Mr. Wood as that mysterious man. This was a mere conversation at dinner. Mr. Hall had come up to where we were sitting, and turning to one of the gentlemen present, Mr. Jarvis, formerly deputy sheriff there, he said, "Jarvis, if they would subpoena us, what could we not tell them about Mr. Wood and the Pacific Mail Company?" Some few words passed, and Mr. Hall went off to another table where he was dining.

Q. You allude to the testimony about the man with the remarkable mustache; is he the man who was at the American Exchange Bank with the large check?—A. Yes, in company with Mr. King. I simply remarked that the manner in which the reference to Mr. Wood was reported would lead some people to suppose that Mr. Wood was the man.

Q. Was that a serious or a jocular remark on your part?—A. I did not mean to indicate by that that Mr. Wood was the man; I simply said that the manner in which it was reported would lead persons to think that Mr. Wood was the person referred to. Mr. Hall made that remark to Mr. Jarvis, and shortly after turned away. It was such a remarkable statement that, on my going to my office, I made a memorandum of it and sent it to Mr. Reid.

Q. Was that the extent of what you heard from Mr. Hall?—A. Yes, sir.

Q. Was there any other rumor that you communicated to Mr. Reid in reference to any other member of the committee?—A. No, sir.

Q. My own name has been brought in; have you any rumor in regard to my name in connection with the Pacific Mail Steamship Company?—A. No, sir.

Mr. WOOD. Mr. Hall was subpoenaed with yourself after Mr. Reid had given his testimony, and he sent a telegraphic dispatch on the 18th of January stating that he knew nothing, directly or indirectly, about anything within the inquiry of the committee, and that his incessant professional engagements forbade his coming. A subsequent telegram from him states most positively that he never made any such communication, and that he will come on, if necessary, after you have been examined. What have you to say as to that?

The WITNESS. Mr. Hall showed me the dispatch which you have just read, on last Tuesday or Wednesday; he told me he had sent that dispatch in answer to the subpoena; he did not know what had been testified to here, but did not recall the circumstance of our meeting, (which was nearly a month ago.) I reminded him of the circumstance, and he remembers it pretty much as I do. His explanation of the use of your name there was, that he did not intend to use your name, but that he meant Mr. Stockwell. He says he was attorney for some bank which was suing Mr. Stockwell, and that Mr. Jarvis, who was the order-of-arrest clerk in New York, had an order of arrest for Mr. Stockwell.

Mr. WOOD. Mr. Hall stated that he did not intend to use my name?—

A. He says that he intended to use Mr. Stockwell's name, and that he does not remember having used your name, but I was so impressed with it at the time that I wrote out the memorandum after I went to the office, and sent it to Mr. Reid.

Q. And that is the only foundation which you had for your memorandum to Mr. Reid?—A. That is all—Mr. Hall's very positive remark to Mr. Jarvis, that if he and Mr. Jarvis were subpoenaed by the committee they could tell a great deal about the Pacific Mail. He says now that he intended to use Mr. Stockwell's name, but that, as we had been talking about you, he doubtless dropped into the mistake.

WILLIAM P. SULLIVAN sworn and examined.

By the CHAIRMAN:

Question. State your occupation.—A. I am a Wall-street attaché of the New York Tribune, in the city department, and have general charge of the local, financial, commercial, and railroad news.

Q. Did you hear the interrogatory put to Mr. Shanks?—A. I did.

Q. State to the committee all the information you have on the same subject on which you communicated to Mr. Reid.—A. I communicated no information to Mr. Reid on that subject; I suppose that Mr. Reid's connection of my name with the case arose from the fact that I am the Wall-street reporter of the Tribune, and that I reported to him from time to time a good many matters connected with financial subjects, and more especially with the Pacific Mail, so that naturally he ascribed to me the reported rumor.

WASHINGTON, D. C., *January 23, 1875.*

WILLIAM R. BUNKER, secretary of the Brooklyn Trust Company, recalled.

By Mr. ROBERTS:

Question. I ask you whether this statement of the account of John G. Schumaker with the Pacific Mail Steamship Company, which you have handed to the committee, was made out by you?—Answer. Yes, sir.

Q. Is it a true abstract of the account of Mr. Schumaker with the Brooklyn Trust Company from the 2d of February, 1872, to the 19th of June, 1872?—A. Yes, sir; it is.

Q. Were there paid, on or about the 5th of June, two checks, amounting in the aggregate to \$37,000?—A. The account so states.

Q. Can you indicate how those checks were paid?—A. Only that they were paid through the Nassau National Bank at Brooklyn, which cleared for us through the Clearing-House.

Q. That bank paid your checks and transacted your business with the Clearing-House?—A. Yes, through the Metropolitan Bank of New York.

Q. Can you indicate at all, from your books or from any memorandum that you may have, to whom those checks were given?—A. No, sir; I cannot.

Q. There seem to have been paid, on the 8th of June, two checks, one for \$3,000 and one for \$13,200; were they paid in the same way?—A. Yes, sir; they were.

Q. Can you tell to whom they were paid?—A. I cannot.

Q. Is it the same as to the check for \$18,450, of the same date?—A. Yes; the same answer applies.

Q. On the 11th, there were two checks paid, one for \$1,000 and one for \$3,000. Do you know anything about them?—A. No, sir; the same answer applies to them.

Q. I call your attention to a check for \$25,450, which seems to have been charged against Mr. Schumaker's account on the 13th of June.—A. That sum was paid by a check which I now produce.

Q. Describe that check.—A. [The check reads as follows:]

\$25,450.]

BROOKLYN TRUST COMPANY, [6698.

Brooklyn, N. Y., June 13th, 1872.

Nassau National Bank of Brooklyn, pay to the order of Henry C. Du Val, twenty-five thousand four hundred and fifty dollars.

ETHELBERT S. MILLS, *Prest.*

W. T. RODMAN, *Secy.*

(Indorsed:) Harry C. Du Val.

Q. How do you connect that with the account of John G. Schumaker, as his name does not appear upon the check?—A. The stub of the check-book from which this was drawn has this memorandum: "Henry C. Duval, \$25,450, for check J. G. Schumaker," showing that that payment is in exchange of Mr. Schumaker's check on the Brooklyn Trust Company.

Q. That check is charged in this account?—A. Yes. Mr. Schumaker's check is charged in this account.

Q. State how this check was paid.—A. This check was paid through the exchanges to the Atlantic National Bank of the city of New York.

Q. Indicate whether there is any mark on the back of the check.—A. The blue pencil number 52, on the back of the check indicates that it was deposited through the Clearing-House by the Atlantic National Bank.

Q. Is that bank now doing business in New York?—A. No, sir; the bank has failed, and is either in the hands of a receiver or an assignee in bankruptcy.

Q. In the account which you have submitted there is a deposit on the 19th of June of \$27,775; can you indicate what are the items which constitute that deposit?—A. Yes, sir; I produce the deposit-ticket of John G. Schumaker in the Brooklyn Trust Company, dated 19th of July, 1872.

[The following is a copy:]

Deposited by J. G. Schumaker with the Brooklyn Trust Company of Brooklyn, New York:

BROOKLYN, *June 19th, 1872.*

Bills	\$1,300
Check	1,475
Bill of ex.....	25,000
	27,775

Q. This memorandum, "Bill of exchange," is in the writing of the depositor, Mr. Schumaker?—A. Yes.

Q. Indicate in whose handwriting the deposit-ticket is?—A. In my

judgment, the deposit-ticket is made out by Mr. Schumaker himself; it appears to be in his handwriting.

Q. Will you indicate what sort of paper the phrase "bill of exchange" would include?—A. In the ordinary acceptance of that term, it would mean a draft either in pounds sterling, or in francs, or in German currency, but I do not apprehend that this means anything of that sort.

Q. What would be the interpretation of the phrase there?—A. My interpretation of it, as it appears here, is that it was not a check drawn by an individual on a New York or a Brooklyn bank.

Q. Might it be a check from California on an eastern bank?—A. It might.

Q. The phrase would accord with that?—A. Yes, sir.

Q. The amount being even thousands would indicate that it was not a draft for pounds sterling or francs?—A. It would. It would indicate a domestic draft, not a foreign draft.

Q. Can you, from books or otherwise, give us any further indications of what that bill of exchange was, by whom it was drawn, or to whom it was drawn?—A. I cannot. The books do not indicate whose check it was or to whom it was drawn.

Q. Do your books show by whom it was paid?—A. No, sir; our books only show that it was deposited by the Brooklyn Trust Company in the Nassau Bank, its ordinary bank of deposit.

Q. Does your account with that bank include any names of drawers or indorsers?—A. No, sir; not in the record of deposits.

Q. Have you any other entry in your books which would give us any information about this piece of paper?—A. I do not know of any.

By Mr. WALDRON:

Q. About what time would a draft, mailed at San Francisco on the 12th of the month, reach New York, in the ordinary course of business?—A. I think in about six days.

Q. If mailed at San Francisco on the 12th, it ought to reach New York about the 18th?—A. My impression is it takes about six or seven days for the mail between San Francisco and New York. It is more than likely that a draft sent from San Francisco on the 12th would reach Brooklyn on the 19th.

Q. Take in connection with the fact already elicited, that a draft for that amount was mailed to Mr. Schumaker on the 12th of January, at San Francisco, you would suppose that this was the sum?—A. Yes, sir.

By Mr. ROBERTS:

Q. If this had been a check of any individual upon any Brooklyn or New York bank, would it have been styled a bill of exchange?—A. No, sir; it would not.

Q. That phrase indicates clearly to you that this was not a paper drawn by any individual on any bank at the East, or by any such bank upon another?—A. Yes, sir; it indicates to me that the drawer was at a considerable distance from the bank which paid it.

Q. Would that phrase be applied to any paper drawn, say, at Chicago?—A. It might.

Q. Would it be likely to be?—A. I think not; for the reason that drafts drawn at San Francisco on New York, or *vice versa*, are generally given with more form, in duplicates or triplicates, to avoid delay or loss. Bills of exchange are generally drawn in either duplicate or triplicate, but most often triplicates. That is the point on which they differ from ordinary checks.

Q. Would that phrase be applied to any draft from New Orleans on Brooklyn or New York?—A. It might.

Q. Would it be likely to be applied to any paper drawn from any city other than New Orleans or San Francisco?—A. I hardly think it would. The words there, "bill of exchange," indicate that there is more than one draft drawn for the same thing. The old usage was that in remitting from abroad, there were first, second, or third bills of exchange. The first would go by one mail, and the second by a subsequent mail, and the third would be retained in case the other two were both lost. It was to insure the delivering of the bill to the proper party as speedily as possible, and to guard against loss by transmission.

Q. Are drafts from San Francisco on New York made in that way, in duplicate or triplicate?—A. My impression is that they are, but I cannot state positively.

Q. They are not made in that way from Saint Louis or Chicago?—A. No, sir.

Q. Then is it the practice to draw from any city other than San Francisco on New York in the forms of bills of exchange?—A. I do not think it is at this present day. It may have been in vogue twenty years ago, but I do not think that at present it is the habit of any banking-house, except in San Francisco, to draw on New York with more than a single draft for one amount.

Q. But the practice does prevail in San Francisco?—A. That is my impression. I never was in a banking-house which did business with San Francisco; I have handled paper drawn from San Francisco, but not recently.

Q. Do you know Henry C. Du Val?—A. No, sir; I know a gentleman in Brooklyn named Du Val; but I do not know what his first name is.

Q. Have you before you the books of the Brooklyn Trust Company subsequent to June 17, 1872?—A. Yes, I have the ledger and cash-book of the company.

Q. Turn to the account of John G. Schumaker, and state what are the largest payments to his order for the month or two succeeding that date.—A. I find on the 22d of June an item of \$1,523.35.

Q. Can you state to whom that was paid?—A. No, sir.

Q. Was it paid directly over the counter?—A. No, sir; it was paid through the Clearing-House Exchange.

Q. What other large item is there?—A. The next large item is one of \$8,333, on 17th July.

Q. How was that paid?—A. Through the exchanges, in the same way.

Q. You cannot indicate to whom it was paid?—A. No, sir.

Q. Is there another item of the same amount?—A. There is another item of the same amount on the following day, 18th July.

Q. How was that paid?—A. That check was certified. I cannot tell you, from the books which I have here, when it was paid.

Q. Is there anything which indicates to whose order the check was drawn?—A. No, sir. I can tell that it was not paid by the individual check of the Brooklyn Trust Company, nor in way by which I would be able to trace it further.

Q. What other large items do you find in his account?—A. There is an item of \$2,850 on August 14.

Q. Can you tell to whom that was paid, or how?—A. That item consists of three checks, one for \$2,750 and two for \$50 each; they were all paid through the exchanges.

Q. Is there any other large item there?—A. On August 16 there is an item of \$3,280.14; that amount was in one check.

Q. How was it paid?—A. Through the exchanges, in the same way.

Q. Any other large item?—A. On August 26 there is an item of \$2,000.

Q. To whom and how was that paid?—A. That was certified on the 26th of August.

Q. Can you tell to whom?—A. I cannot.

Q. Is there any other large item immediately succeeding that date?—

A. The next item over \$1,000 is \$1,500, on the 21st of October; then there appears, on the 22d of November, an item of \$10,000. I cannot trace those checks here, as the period is beyond that to which the books go; but I will examine and give the committee further information about them, if I can ascertain any.

Mr. ROBERTS. Will you also give the committee a further abstract of Mr. Schumaker's account up to the close of the year?

The WITNESS. I will give it up to the last of November, where this book carries it.

[The following are the transcripts of John G. Schumaker's account with the Brooklyn Trust Company, as produced by the witness:]

John G. Schumaker in account with the Brooklyn Trust Company.

DR			CR.		
1872.			1872.		
Feb. 2	To cash.....	\$88 68	Jan. 30	By balance.....	\$1,038 30
7	do	20 00	30	By cash.....	1,200 00
10	do	121 23	Feb. 23	do	460 00
29	do	37 50	Mar. 7	do	3,269 24
Mar. 8	do	250 00	9	do	850 00
11	do	116 00	Apr. 6	do	87 50
18	do	50 00	13	do	1,019 74
23	do	200 00	16	do	250 00
25	do	400 00	May 2	do	120 00
Apr. 6	do	400 00	20	Interest to May 1.....	56 10
13	do	279 70	30	By cash.....	125,000 00
15	do	25 00	June 19	do	27,775 00
20	do	89 75			
26	do	20 40			
27	do	50 00			
May 2	do	150 00			
4	do	25 00			
27	do	160 00			
28	do	122 00			
30	do	500 00			
June 3	do	500 00			
5	do	\$10,000 00			
	do	27,000 00			
		37,000 00			
8	do	3,000 00			
	do	13,200 00			
8	do	16,200 00			
10	do	18,450 00			
11	do	30 00			
11	do	3,000 00			
11	do	1,000 00			
13	do	25,450 00			
17	do	150 00			
18	do	25 00			
19	do	39 90			
	Balance.....	56,175 72			
		161,125 88			
			June 20	By balance.....	56,175 72
					161,125 88

E. & O. E.

I hereby certify that the above is a correct transcript of the ledger of the Brooklyn Trust Company.

WM. R. BUNKER,

Secretary Brooklyn Trust Company.

NEW YORK, December 30, 1874.

Brooklyn Trust Company in account with John J. Schumaker.

1872.			1872.		
June 20	To cash.....	\$80 00	June 20	Balance from other accounts.	\$56,175 72
21	do	404 18	20	Cash.....	152 50
22	do	1,523 35	21	do	150 00
24	do	195 00	July 2	do	62 40
25	do	317 55	8	do	137 50
27	do	60 42	Sept. 10	do	525 00
July 6	do	72 54			
9	do	261 60			
10	do	21 95			
15	do	22 78			
16	do	100 00			
17	do	8,333 00			
18	do	8,333 00			
23	do	144 00			
25	do	237 00			
26	do	250 00			
Aug. 1	do	173 88			
6	do	118 46			
8	do	123 69			
10	do	30 00			
14	do	2,850 00			
16	do	3,280 14			
19	do	885 86			
24	do	133 50			
26	do	2,000 00			
Sept. 4	do	150 00			
	Balance.....	27,101 22			
		57,203 12			57,203 12
Sept. 13	To cash.....	45 00	Sept. 12	By balance	27,101 22
18	do	53 00	12	By cash.....	2,000 00
30	do	331 75	Oct. 18	do	200 00
Oct. 1	do	25 00	25	do	400 00
2	do	200 00	Nov. 8	do	1,028 96
4	do	200 00	20	Interest to November 1.....	686 25
4	do	25 00			
8	do	100 00			
10	do	25 00			
11	do	140 00			
12	do	25 00			
14	do	200 00			
21	do	1,500 00			
22	do	100 00			
Oct. 23	do	115 00			
23	do	50 00			
24	do	250 00			
25	do	1,000 00			
25	do	50 00			
26	do	50 00			
28	do	100 00			
29	do	200 00			
31	do	200 00			
Nov. 1	do	20 00			
2	do	60 00			
4	do	325 00			
8	do	150 00			
13	do	50 00			
15	do	95 00			
19	do	61 78			
20	do	500 00			
20	do	20 00			
22	do	10,000 00			
23	do	80 00			
26	do	843 45			
29	do	37 50			
		17,227 48			
	Balance to new ledger	14,188 95			
		31,416 43			31,416 43

E. & O. E.

I certify the above to be a correct transcript of the ledger of the Brooklyn Trust Company.

WM. R. BUNKER,
Secretary.

WASHINGTON, January 23, 1875.

WASHINGTON, D. C., *January 25, 1875.*

RICHARD B. IRWIN recalled.

By Mr. ROBERTS :

Question. I was asking you on Friday, when the committee adjourned, what understanding you had with Mr. Fant as a consideration for the money which you paid him.—Answer. The understanding with Mr. Fant was the same general understanding as with the others. He was to use his influence and render the best assistance that he could in favor of the passage of the bill.

Q. Was there any detailed understanding?—A. Nothing more than that.

Q. Would you make the same answer as to the other persons severally?—A. I will take them substantially in gross first. Mr. Sherrill, Mr. Moran, and Mr. Ingham belong to the same class of cases. The service rendered by each of them was substantially this: At the time when the bill was pending in the House, after it had passed the Senate, it became an exceedingly important point for me to know, as nearly as practicable, how large a majority there was likely to be for us or against us. That was one of the most important points that I was called upon to decide. If we had a majority that we could reasonably count upon in favor of the bill, it was a matter of policy to attempt to pass the amendment through the House on a direct vote in favor of concurrence. If, on the other hand, we were doubtful as to that majority, or were certain that the majority was going to be against us, it was quite an important point in strategy to allow the Senate amendment to be non-concurred in without any more fight than was necessary to deprive it of the appearance of a trick, and to let the matter go to a committee of conference. That was, perhaps, the most important question that I was called upon to decide in the course of the whole fight. All of the newspapers and all of the outside people were representing us as intending to have the Senate amendment non-concurred in as a trick, and to let it go to a committee of conference, where, as they said, it would be a put-up job, and that the committee of conference would carry the thing through in the manner in which it is supposed committees of conference usually do, because nobody gets in to see what their proceedings are. Everybody who had been employed before had gone over the lists of members and checked off names as certain for, or doubtful, or certain against, until at last the consolidated list, with blue and red marks, gradually came to have the appearance of a case of small-pox and of mercurial poison combined. I employed Mr. Ingham, Mr. Sherrill, and Mr. Moran to go around and ascertain the probable state of opinion of some of those members who were differently reported before we went on with the bill, and they performed that work. Mr. Ingham's work was very slight, and there was only a small payment made for it.

Mr. Carmick bored me to death, and I paid him for keeping out of my way. I played the part of the wedding-guest to his ancient mariner. Mr. Stockwell insisted in keeping up correspondence with Mr. Carmick and sending his letters to me to be answered; and finally I told Mr. Stockwell that if Mr. Carmick continued to correspond with him I would have to pay him to keep out of the way, and Mr. Stockwell told me to go ahead and do it.

Governor Randall's services were, as I said before, of a general character. He kept me informed of everything that was going on, and he advised with me in regard to everything, and he used his influence

among his personal and political friends; but beyond that, and the special matter to which I referred on Friday last, he had nothing to do with the case. He was not supposed to be actually working for it on the floor or in the lobby.

John W. Forney is absent and unable to speak for himself, and I do not know what he did, but I want to say this: I was instructed by Mr. Stockwell to employ Mr. Forney. I did not want to employ him, because I did not think it necessary. But I had been long ago trained to obey orders, and I did so in that instance. I went to Mr. Forney and found him exceedingly reluctant to go into the case at all. He reported to me that it was not necessary to employ him, because we could get along without him; but my instructions were so peremptory to employ him that I did so; and I paid him the price that he asked, which of course was not only the price for his services, but also for his reluctance to go into the case. What he did I do not know.

Q. This price he asked at the outset?—A. Yes; he asked that price and I paid him, because I was peremptorily instructed to employ him, and I had no time to think of it at all.

By Mr. FOSTER:

Q. Was he to render any particular service?—A. He was not to render any particular service. Before I retained him, he asked me to show him the condition of the case in the House, as I understood it. I showed it to him, and he handed it back to me, and said, "You have got the bill as the matter stands now, and I do not know that I can do anything for it." I said, "Mr. Stockwell insists upon my employing you." Mr. Stockwell's idea in employing him was doubtless that there was an active and large Pennsylvania interest which he supposed was with us, but which was not aggressively with us up to that point. Mr. Stockwell thought that Mr. Forney would be able to do what made me laugh at the time, and what made Mr. Forney laugh when I told him—he said that Forney could keep Sam. Randall quiet. I did not think that anybody could do that, as Mr. Randall was a consistent and active enemy from the beginning, and was always going to be.

Mr. ROBERTS. Please to be as concise as you can in your answers.

The WITNESS. Mr. Shaw was employed by Mr. Stockwell's orders on the recommendation of the most innocent and ignorant member of the most innocent and ignorant board of directors that ever assembled in the city of New York—I mean Henry Clews.

Mr. KASSON. Comments upon character really do not belong to this testimony.

The WITNESS. Mr. Clews has stated in his testimony that he did not know anything at all about this matter; that he did not know I was here, or that the company had an agent here. I thought that that perhaps was an essential fact. Mr. Shaw's services have been correctly stated by himself. Mr. Corwine was also employed by Mr. Stockwell's orders. What service he rendered I do not know. I do not think he rendered any special service whatever. I never expected that he would. I employed him because I was ordered to do so. He had a long correspondence with the vice-president, the president, and the secretary of the company in regard to my business down here, which he understood a great deal better than I did, and the result of it was that I got an order to employ him, and did so; but I never called upon him for anything whatever. Mr. Berret and Mr. Ward were also employed by Mr. Stockwell's orders, and I think their services have been concisely and accurately stated by themselves. Mr. Averill was employed by Mr. Stock-

well's orders, on the recommendation, as I understood it at the time, of Mr. Rufus Hatch. Mr. Abert, I think, has stated concisely the character of his own services.

Mr. Chittenden came down here while the bill was pending before the Senate and performed the same service there as I have represented Mr. Ingham performing in the House. That is, he verified for me the canvass made by others; he also went among his personal friends and used his influence in general. He was here a few days. He is a man of character and position in New York. He rendered no services whatever that would not be strictly honorable and proper in any one.

The two door-keepers received a large sum of money for the service which they themselves have described, but their service was, probably, of more value to us than they themselves have intimated, owing to the fact that the fate of a bill very often depends, and it largely depended in this instance, upon having the friends of the measure present.

On the 19th or 20th of March the bill was defeated by the fact of one gentleman, a member of the House, going out on the portico of the Capitol and bringing in two Representatives to vote against it and make a tie-vote against it, whereupon five other members immediately voted against it, and we were beaten by five votes, but we were really beaten by those two votes that made the tie. It is that character of the service that gave its value to the door-keepers' service. I suppose that all the members know how door-keepers are sent to bring in the friends and also the enemies of a bill. How these sums came to be fixed, I do not recollect, but they were fixed on the recommendation, I think, of one of my subordinates, who was familiar with the details of the House and with the value of the services; I am not sure by which of my subordinates the sums were fixed; one of the two I think of being dead, and the other out of the country.

The sum paid to Mr. Morris was paid, as I have stated, for printing. I made a mistake in the testimony on Friday in regard to Mr. Whiting, and that mistake I made by following the original error which I had made in his case, and by taking the testimony of the bank officers as correct. Mr. Whiting first asked \$100,000 for his services, but at my second interview with him we compromised on \$65,000, and he, when I gave him the check for the \$100,000, paid me back not only the \$5,000 which I had previously paid, but also \$30,000 additional, to correct the error which I had made in drawing the check. I had drawn it according to my recollection of the original understanding, but before I went to him I recollected the mistake, which he at once acknowledged, and he gave me back the money, and that money was part of what went to my credit in the Bank of California. That \$101,000 in the Bank of California is gold and not currency, so that it does not tally at all with the \$100,000 that Mr. Abert speaks of. I make that correction more cheerfully because Mr. Whiting is absent.

Q. What was the exact amount paid to Mr. Whiting?—A. Sixty-five thousand dollars.

Q. That is the only correction you now desire to make?—A. Since I was here on Friday I have seen the editor of the Sunday Herald, and the president of the ex-Patriot Association, and I want to correct an error in regard to them. I sent to the Sunday Herald \$200, but, according to Mr. Burritt's statement, which I believe to be correct, it did not connect. I paid the Patriot, not at all for editorials in behalf of the measure, for the Patriot was opposed to it all the way through, but I paid it for advertising, so much a line, at the regular rates, for publishing one or two communications that were published, correcting mis-

statements made in editorials. They sent us a regular bill, and we paid it. I think it did not exceed altogether \$200. The Patriot was consistently opposed to the subsidy all the way through. The total amount of \$1,500, mentioned by me, is made up by job-printing, which was executed at different offices in Washington, partly at the Chronicle office, and partly through stationers. I did not pretend to say that we paid the Patriot and Herald that sum of money, but that we paid that amount for printing, including those papers.

Q. You have just said that the information sought by you was important, because you were called upon to decide what should be the character of the proceeding in the House?—A. Yes.

Q. Did you understand that you were able to control that proceeding to this extent?—A. I suppose that if I had gone to those whom I regarded as my especial friends in the matter, and represented to them that we were no longer desirous of having a long fight in the House over it, they would have probably yielded to the wishes of the friends of the measure, and not have made that fight. There would have been no object in their making the fight if we did not wish them to make it.

Q. You spoke of your special friends; were they in any way connected with any of the influences which you have mentioned?—A. No, sir; I refer to gentlemen with whom I was in personal communication, the public advocates of the measure, and the men who, by their position, would naturally have occupied a commanding position in such a matter.

Q. You have stated that you paid Mr. Abert \$7,000 for services which he has stated?—A. Yes, sir.

Q. Which services seem to have occupied him a number of months. Mr. Abert, as I understand, is a gentleman of influence and character about Washington. Now will you explain why you regarded \$7,000 as a sufficient sum for him, and yet felt called upon to pay Mr. Schumaker \$300,000 for like services, and for his influence, and to pay Mr. William S. King \$125,000?—A. Mr. Abert's services were almost entirely of a clerical character; he was not required or expected to use his influence in Congress, because he had very little. He belonged to a party which at the time was in a very small minority in Congress, (I speak of the democratic party,) and he was not a very influential or active member of that party, and had very little influence in it. The services rendered by Mr. Abert were almost entirely rendered in my house, as it were. He wrote letters for me; he carried messages between Mr. Stockwell and myself; he made payments from my private bank-account for house expenses and everything of that sort; so that I consider the \$7,000 an ample payment for these services. In the next place, he would probably have received a very large portion of that amount; whether the bill passed or not. In reference to Mr. Schumaker, I paid him what I supposed was the agreement between us, and the price which he fixed himself, and which I did not consider as an exorbitant price.

Q. Was that agreement between you and Mr. Schumaker directly?—A. Yes, sir.

Q. Did he demand the sum of \$300,000?—A. As nearly as I recollect I asked him how much he would expect to receive for his services, and he told me \$300,000. It never occurred to me that that was a very large sum in proportion to sums which I have known to be paid for similar services, and in proportion to the amount involved in that case.

Q. Did you ever know of so large a fee in any other case before Congress?—A. I never knew personally of any fees before Congress.

Q. You say that you regarded this as a small fee in comparison with

other fees for like services?—A. I did not say a small fee, but I said I did not consider it a large fee.

Q. Did you ever know so large a fee to be given before?—A. I have been three times offered sums exceeding \$100,000 for my own services, and I have declined them because I did not consider it my duty to undertake the task, and did not wish to go into that line of business. If my services were worth \$100,000, I should have considered Mr. Schumaker's worth \$300,000.

Q. You received nothing like this sum for your services?—A. When the whole thing comes to be ciphered down you will find that I really did not get anything for my services.

Q. Give us your reasons for paying this large fee to Mr. Schumaker?—

A. I considered him a man of intelligence and position; able, both intellectually and by his policy, to carry the measure through the House.

Q. You stated that Mr. Abert belonged to a particular political party. Did not Mr. Schumaker belong to the same party?—A. Yes; but I said that Mr. Abert had no influence. Mr. Schumaker having been a member of the House, had a very large personal influence entirely irrespective of his party, both in his party and out of his party, while Mr. Abert was living in the country, in Maryland, and belonging to the minority, and being an influential member of that minority, and having no associations with Congress. This is what I intended.

Q. You have explained the reasons why you thought Mr. Whiting worth the large fee that you paid him, \$65,000?—A. Yes, sir.

Q. You paid \$125,000 to Mr. King, on Mr. Stockwell's order substantially?—A. Substantially so. I said the other day that if Mr. King was employed at all he was employed by Mr. Stockwell. All that I know about the matter is this, that Mr. Stockwell told me that I would find Mr. King in Washington, and that I was to consult with him and co-operate with him, and that he, Mr. King, had Mr. Stockwell's entire confidence.

Q. Was the sum paid to Mr. King fixed by Mr. Stockwell?—A. No, sir; it was fixed in this way: I went to Mr. King about the time that the bill first failed in the House, and which was about the time when I really took entire charge of the case. I asked him how much he expected to get, and my recollection is that he said \$125,000. I forget at this moment whether I told Mr. Stockwell that or not, but my impression is that I did. Mr. King was aware that Mr. Stockwell was engaged in large stock-operations. He talked to him very often about those stock-operations, and I understand that he said that whatever money he received in this matter he received from a stock-pool. That is not my understanding, but I can see that it may have been his.

Q. We come back again to the reasons why you fixed Mr. Schumaker's fee at so large a sum as \$300,000.—A. Taking his position and character, his experience, and his general ability into account, I consider him as being one of the most valuable men I had ever seen in Washington. We had no man to replace him on the floor of the House. We had just a month between the time when my arrangement with Mr. Stockwell was made and the day when this bill came up and was defeated to make our canvass in the House. It had to be hurried and it had to be done well.

Q. You say that you regard Mr. Schumaker as a very valuable man. State the respects in which his special value consisted.—A. I think I have stated that in my answer.

Q. Can you throw any further light upon it than you have done?—A. I cannot.

Q. Did you know of any disbursements that he was to make?—A. I did not.

Q. You did not suggest any disbursements to him?—A. No, sir.

Q. Was there any understanding between you in any way that there should be any disbursements made by him?—A. Neither that there should be nor that there should not be. We had no understanding about it at all.

Q. Can you now tell whether he actually made any disbursements?—A. I have no idea whatever of it.

Q. Can you tell now what was done with the \$300,000 that went into his hands?—A. The only information I have on the subject is in the testimony before the committee, and if the committee can make any head or tail out of that it surpasses me, for I cannot.

Q. Did you have any information prior to that time as to the disposition of the checks, or either of them?—A. I did not.

Q. Did any portion of that money ever come back to you in any form for your own use?—A. Not a dollar; nor for any other purpose.

Q. Have you any idea that any portion of that money ever went to Mr. Stockwell for any purpose?—A. It may have all gone to him for all I know; I have no idea on the subject.

Q. I ask you if you do know that any of it went to him?—A. I do not.

Q. Mr. Stockwell asked you how Schumaker was doing here?—A. He asked me what he was doing here.

Q. What was your answer to that question?—A. My answer was what I have stated—"How did you know that Schumaker was employed?" He nodded his head, as much as to say "I know." I did not think at the time, but I thought afterward that the way in which he came to know it was very simple—his own personal attorney, Mr. Parsons, probably communicated it to him.

Q. Did you have any conversation with Mr. Stockwell as to your understanding with Mr. Schumaker; was he cognizant of the amount that was to be paid to Mr. Schumaker?—A. He was not cognizant of the amount, but he knew that it was a large amount. Mr. Stockwell on one occasion told me that he understood that Mr. Schumaker was to get \$400,000, and I said, "No." That is all I said. I did not communicate the details to him. He got that information from some one else. And he said that he thought that that amount was too large. I did not say anything more about it.

Q. At one time, during the process of these operations, you sent in your resignation?—A. Yes.

Q. At that time there was a large amount of money in your hands?—A. There was some money in my hands, I do not recollect how much without striking a balance, and there were checks for a large amount in my hands.

Q. Had these checks been used, or were they simply held by you?—A. A portion of them had been used. I think that will appear in my previous testimony.

Q. At the time you tendered your resignation, it covered this subsidy arrangement as well as your San Francisco business?—A. It did not specially refer to this, but my understanding, and Mr. Stockwell's, was, that I was to retire from this as well as from that.

Q. You say in your testimony before the committee that you stated to Mr. Stockwell that your understanding was that you were to have \$500,000 instead of \$250,000, as he had indicated?—A. Yes; that was on the 13th of February.

Q. And that you should at the proper time call upon him for his check for the additional amount?—A. Yes, sir.

Q. Make it a little more clear to the committee when you obtained the understanding that the sum was to be \$500,000?—A. In a personal interview with him before the 13th of February. It was not only in a personal interview, but also in a verbal message that I sent to him by Mr. Abert, who was the bearer of this letter from Mr. Stockwell to me. Mr. Abert took him the message and took back his letter to me.

Q. Can you make more clear to the committee what was the nature of the understanding between you and Mr. Stockwell with reference to this subsidy?—A. I think I have made that as clear in my testimony as I can make it. It would only confuse it by trying to make it more clear.

Q. Did that include an understanding that there should be any stock operations in which you should be interested, or in which the persons who were to assist you in the subsidy should be interested?—A. No, sir. Mr. Stockwell offered me at one time, just before we made this arrangement, a call of 10,000 shares of stock, and offered to guarantee that I should not make less than \$10 a share on it. I told him that I did not want his calls, that I had neither time nor inclination to watch the market. That is the only communication that ever took place between us in relation to stocks.

Q. Either with reference to yourself or to any person who should assist you here?—A. With reference to the subject.

Q. Covering the whole ground?—A. Yes.

Q. Then you say to us distinctly that you are not cognizant of any stock operations that were to affect the passage of the subsidy?—A. I was not cognizant of them; I have heard of them, but it was mere hearsay.

Q. You have stated to us that you disbursed \$750,000. Is that the total amount of the money which you disbursed here for the Pacific Mail Steamship Company?—A. It is not.

Q. Be kind enough to state what the total is.—A. I cannot state the total amount until I have seen the original canceled checks from the company's office accounting for the \$140,000 which it is alleged I had before that. But, assuming that \$140,000 to be correct, it is the sum which Mr. Stockwell stated to me in July, 1872, when he came to San Francisco, I had received before the subsidy passed. I disputed that statement then, but I proceeded to account to him for the money. Expecting that he would ask for an account, which I had made up my mind then to give him, although I had before refused to do so, I made up the statement of the amount, and I accounted for the whole of it, including that \$140,000, with the exception of \$85,000, which then (that was about the 1st of July) remained in my hands unaccounted for, and which I was willing that he should assume that I had kept for myself, as he had offered me himself \$100,000.

Q. \$750,000 and \$140,000 make how much?—A. Make \$890,000; and I was ready to account for \$805,000 of it. I could afterward have accounted for more, but that is the way that the account stood in the first week of July. He never called upon me for that account at all.

Q. But the gross amount, then, would be \$890,000?—A. Assuming that \$140,000 to be correct, it would be \$890,000.

Q. Is that the entire amount?—A. It is the entire amount as it passed through my hands.

Q. Have you any knowledge of any other moneys paid in connection with the subsidy that did not pass through your hands?—A. I have heard that there was more, but I have no knowledge of it. I know, for

instance, from Mr. Parsons' testimony, that he received \$13,500, which was paid to him by Mr. Stockwell. He had received part of it from me, but that was afterwards paid back by Mr. Stockwell.

Q. Have you any knowledge as to the payment of any other money in addition to the \$890,000?—A. Only by hearsay; I know nothing personally about it.

Q. I asked you whether any portion of the moneys that Mr. Schumaker had was returned to the company or to Mr. Stockwell. I should like now to ask you the same question with reference to the other money that passed through your hands, whether you know or have any reason to believe that any of it was returned to the company or to Mr. Stockwell, or came back to yourself?—A. No portion of the money came back to myself, and I not only have no information that would lead me to believe that any of it came back to Mr. Stockwell or to the company, but I am pretty confident that none ever did. I am now speaking of all except Mr. Schumaker's, for I know nothing as to the correctness of his testimony. He has testified that he gave the money back to Mr. Stockwell. I do not know whether that is so or not, and therefore I do not want to testify in regard to that, but I am pretty confident that none of the others gave back their money.

Q. Are you any more confident in regard to them than you are in regard to Mr. Schumaker?—A. Yes; because I think that if any of them had given back their money to Mr. Stockwell they would have made haste to say so.

Q. Do you know anything of the settlement between the Pacific Mail Steamship Company and Mr. Stockwell?—A. I do.

Q. In that settlement were there included any payments on account of this subsidy?—A. All of them were included.

Q. How much in amount?—A. That I cannot say; I will only answer in this way: On the 1st of May, 1873, a statement was drawn up by Mr. Stockwell (which was prepared by Captain Phelps) of the assets and liabilities of the company on that day. On the 26th of May a new administration came in, of which Capt. George H. Bradbury was president. On the 31st of May that new administration published a new statement of assets and liabilities, and the difference between these two statements represented the sum total of all the difference in the accounts of the company up to that date. Mr. Stockwell received in the fall of 1873, in consideration of the payment by him to the company of 10,000 shares of Pacific Mail stock, a full release of all claims and demands whatsoever, and a discharge of all his actions and conversions, as I understood it. That included everything known prior to that date, and, as I understand, everything was known on the 26th of May, 1873.

Q. Do you know whether in that settlement any moneys appeared as returned?—A. I think there was nothing returned in that settlement, except these 10,000 shares of stock.

Q. I mean whether, as the basis of settlement, any money returned from any of those persons to Mr. Stockwell or any one else was specified or appeared in any way as a basis of the settlement?—A. No, sir; I think that that was a general whitewashing of everything, whether specified or not specified.

Q. Were those statements printed?—A. They were. The company can produce them, or I can if it cannot.

Q. Were you a party to that settlement in any way?—A. I was not.

Q. Were you present at it?—A. I was not.

Q. Do you testify of your own knowledge?—A. I testify on statements made to me by the two presidents of the company, A. B. Stock-

well and George H. Bradbury, and also from confirmatory information received at the time from other sources.

Q. Then it is secondary evidence?—A. It is secondary evidence; Mr. Bradbury was party to the one statement and Mr. Stockwell to the other, and both statements agreed in every particular.

Q. Have you given to the committee the names of all the persons to whom, or through whom, you made payments?—A. I think I have; I have endeavored to do so.

Q. Did I understand you to speak of one person who was dead, and another person who was absent, as persons whose names you did not give?—A. No, sir; that was in reference to the sums paid to Mr. Hersey and Mr. Boyd. I said that I would not like to state who had indicated those sums to me as proper payments to those persons, because my mind ran upon the name of one man who is dead and another who is absent, and I was not positive which one of them it was, or whether it was either of them.

Q. So that you desire the committee to understand now that you have given the names of all the persons to whom or through whom you paid money?—A. Of every man whom I remember, and I should be surprised to hear of anybody else.

Q. You signified the other day that you would take time to consider?—A. I have taken time.

Q. There appeared before the committee on Saturday a check which was paid to the order of Henry C. DuVal, seeming to be indorsed by Harry C. DuVal, that seems to be connected with a part of the money which passed into the hands of Mr. Schumaker; do you know of such a person?—A. I never heard of him before.

Mr. NIBLACK. One thing that has impressed the committee more than any other perhaps, (at all events it has impressed me,) has been the extraordinary large sums of money which you have paid to comparatively unimportant persons, particularly the \$11,000 that you paid to Mr. Hersey, one of the assistant doorkeepers. Have you any further explanation to make more than you have made in regard to him?

The WITNESS. None, except that I considered his services valuable from my personal knowledge, which was less than that of some of my subordinates, and that that sum was recommended to be paid by one of my subordinates, whose name I have forgotten.

Mr. NIBLACK. It has been intimated to me that Mr. Hersey claimed to be able to control the votes of three members of Congress, and that \$9,000 of the money was given to him really in consideration for his having controlled those votes, and \$2,000 for his own services; do you know anything about that?

The WITNESS. I never heard that before, and I should consider it extremely doubtful, because I think that if he had promised these three members of Congress \$3,000 apiece they would have gone after him and got it.

Mr. NIBLACK. We often hear men claim that they are able to control votes of members of Congress, while they have no foundation for the claim, but merely do so in order to enhance their services and their importance.

The WITNESS. No doubt about that. I have had an opportunity of buying up the whole Congress in a lump if I could have believed that they would have delivered the article.

Mr. NIBLACK. I understand that all of us are bought and sold occasionally, without our knowing it, by men claiming to be able to

control the votes of members of Congress, while they have no reason whatever for asserting such a claim as regards any member.

The WITNESS. No doubt of it.

By Mr. FOSTER :

Q. What did Mr. Schumaker represent that he could do ?—A. Mr. Schumaker did not make any representation at all. I had known Mr. Schumaker for several years. I had known him here while he was a member of Congress, and I myself selected Mr. Schumaker. I went to him and asked him to go into the case. He was reluctant to do so. When Mr. Schumaker came down here before the first subsidy had failed, and when the Challis suit was pending, he came into my room one day, threw his hat down on the table, and said that he wanted to get out of this thing, that he wanted nothing more to do with it. I asked him to stay, because I had no way of replacing him. There are three ways of looking at a bill of that kind. As far as the Government is concerned, it is an appropriation for the revival of commerce and for the encouragement of ship-building, while the company itself might look upon it as a subvention to enable it to perform the service ; but the outside public would look upon it as a donation of \$5,000,000 to the treasurer of the corporation, and they would see no more reason why they should go to work and carry that \$5,000,000 from the Treasury into 59 Wall street, than they should to carry the Consolidated Virginia Bonanza there.

Q. Then Mr. Schumaker made no representation as to what he should do ?—A. No, sir. I had already made up my mind on that subject. I had known him for several years.

Q. What did you expect he could do ?—A. I thought that he could represent the matter to different members of Congress in such a light that they would be disposed to listen favorably to the arguments presented, and that the prejudice which existed in Congress against the measure would be probably overcome. Then I thought that he would be able to make a canvass of the whole House, and to let us know within a very short time exactly how we stood, because there was no use of our going ahead and fighting the thing if we were sure to be beaten.

Q. Did you not expect him to use some of this money ?—A. I supposed that necessarily he would employ somebody to assist him. I did not suppose that he would go around all alone, on the floor of the House, like a single ewe-lamb.

Q. How was his memory then ?—A. I never had occasion to tax it. It was his prophetic power that I was relying on then, and not his recollection.

By Mr. WOOD :

Q. Had you ever had any experience in this kind of business before that subsidy ?—A. I never had ; I had had the experience of being twice very badly beaten in it before.

Q. But before this particular measure, had you had any experience of that kind ?—A. We had had several measures of legislation pending in connection with the subsidy, in which I had some experience ; but, disconnected with the subsidy, I never had anything to do with Congress before.

Q. Did you ever have any experience with reference to the legislature of California in lobbying ?—A. I never was in Sacramento during a session of the legislature.

Q. At what particular date in 1872 did you come into this case ?—A.

Almost from the moment of my arrival in New York I think it was about the 13th January. I did not take charge of the case then.

Q. I refer to the time when you did take charge of it?—A. I considered myself virtually in charge of the measure about the 1st of February.

Q. Was that before or after the first failure of the bill in the House?—A. It was before it. The bill failed on the 21st March.

Q. I understood you to say on Friday that you did not come into the case until after the failure of the bill?—A. I did not take entire and exclusive charge of the case until after that. I did not attempt before that to interfere with any arrangements which Mr. Stockwell had made. I came here and found Mr. King occupying himself on the floor of the House, and after the failure of the bill I took the responsibility of telling Mr. King to keep off the floor of the House. That was the first time he had attempted to recognize my authority in any way whatever. I gave it to him merely as a piece of advice.

Q. Let us understand distinctly what your position was before the failure of the bill in connection with Mr. Stockwell and the disbursement of the money, and what it became after the failure of the bill in the House?—A. It was substantially the same before as it was after, except that after the failure of the bill I took charge myself of Mr. Stockwell's agents.

Q. Then what did you mean by telling us on Friday that you came into the case after the first failure of the bill in the House?—A. I do not think I said so.

Mr. WOOD. I think that these were your words.

The WITNESS. If these were my words, they were inconsistent with my own testimony. I had entire charge of it, except that I did not consider myself responsible for the persons whom Mr. Stockwell had employed, or consider myself entitled to control their movements, but I afterward did so.

Q. You afterward went into the case and employed persons?—A. I did so before. I employed Mr. Schumaker before I took exclusive charge. If anybody had employed Mr. King, Mr. Stockwell must have employed him; and if anybody had employed Mr. Parsons, it must have been Mr. Stockwell. After the bill had failed I took charge of their movements, whereas before that I let them do precisely as they pleased.

Q. Mr. Stockwell returned to New York and you remained here in charge to carry out his arrangements and your own?—A. Mr. Stockwell was only here one or two days at a time at any period.

Q. Are we to understand that you paid to Mr. Whiting for his own individual services and individually the large sum which you did pay him, with the understanding that it was for him individually, and not to be divided with anybody else?—A. Yes; I did so understand; I did not understand that it was to be divided, and therefore I understood that it was not to be divided.

Q. What was your opinion, at the time that you agreed to give him so large a sum, as to what he was to do with it?—A. My opinion was that he was, in all probability, to keep it.

Q. Who was he that he should be entitled to so large a sum?—A. I think I have stated virtually who he was. He was a man who, I believed, was a strong friend of Senator Cole, of California.

Q. Then you gave it to him because he was a strong friend of Senator Cole, of California?—A. Yes.

Q. And when you gave it to him, you gave it to him because you

supposed that, being a friend of Senator Cole, he would be able, through the instrumentality of this large sum of money, to get Mr. Cole's support for the measure?—A. I cannot answer that categorically, without making a mistake.

Mr. WOOD. It is susceptible of being answered by yes or no.

The WITNESS. If I answered yes, my answer might mislead you.

Mr. WOOD. We are quite familiar with the case and cannot be misled by any correct answer that you give.

The WITNESS. I think I am entitled to answer that question in my own words.

The CHAIRMAN. You are entitled to answer every question in your own words if you answer it responsively.

The WITNESS. I knew that Mr. Cole would take an active and leading part in the measure if his friends were interested in it, and he would not if the persons whom he supposed to be his enemies were only interested in it. He regarded the Pacific Mail Steamship Company as politically opposed to him, and I knew that he regarded Mr. Whiting as a friend.

Q. And hence you agreed to pay Mr. Whiting this sum of money?—A. Yes, sir.

Q. What was the effect on Mr. Cole of that agreement with Mr. Whiting?—A. After I had made the arrangement with Mr. Whiting I found that Mr. Cole, when the bill came up in the Senate, took an active, energetic, and leading part in favor of the measure.

Q. And you were then satisfied that you had made a profitable arrangement with Mr. Whiting?—A. I was.

Q. Do you swear positively that you paid the sum of \$300,000 to Mr. Schumaker, and that you gave him no instructions as to how any part of it was to go?—A. I do most positively.

Q. Do you swear positively that he did not say to you, as an inducement to give him that large sum of money, that he could influence such and such votes?—A. I do positively.

Q. Do you know the names of any gentlemen who changed their votes between the defeat of the measure in the first instance in the House and the time when it came back again?—A. I do not know even that there was any change of votes. My impression is that the House was a different House on the two occasions. On the first occasion the vote was taken by tellers, and not by yeas and nays, and the vote on that occasion was small. I think that the negative vote the last time was about the same in number as it was the first time. The yeas and nays were called the last time and were not called the first time.

Mr. BURCHARD. The first vote was on the amendment offered in Committee of the Whole, when the vote could not be taken by yeas and nays.

The WITNESS. Yes, it was taken by tellers, and the vote was very much smaller then than when the last vote was taken.

Q. Notwithstanding there was no vote by yeas and nays on the first occasion, you are probably aware that some gentlemen did change their votes?—A. I am not; I have heard so as a matter of rumor, but I never heard the name of a single member who changed his vote.

Q. Do you know of any individual who changed his vote?—A. I do not.

Q. Did not some of your agents communicate to you the names of members who had changed their votes?—A. No, sir.

Q. Do you swear positively as to that?—A. I do.

Q. And you had not in your mind any indication of a member who

would be induced to change his vote?—A. No, sir; and I would not have listened to any such representation, because there was no means of telling whether the member changed his vote or not, or how he voted in the first instance.

Q. But you have stated that you did employ Mr. Whiting for the purpose of effecting an influence on a very important leading man in the Senate; why did you not carry out the same principle in regard to the House of Representatives?—A. Mr. Cole was a Senator from California; he was chairman of the Committee on Appropriations, and I think he was second on the Post-Office Committee. It was, therefore, necessary, this being a Pacific coast measure, and being pending before both of those committees, that he should take the laboring oar. If there had been any gentleman in the same position on the floor of the House, and if I had found that he regarded me as his political enemy, and that, by getting one of his political or personal friends to work in the matter, I could induce him to take the laboring oar through my employment of this man, and not by any other means, I should have taken the same means as I did with Mr. Cole.

Mr. WOOD. But there were gentlemen in the House in the same position, so far as affecting the measure was concerned, men who could probably have been appealed to in the same method and by the same means.

The WITNESS. I think there was no one in the House who occupied any such commanding position who was not for us on the merits of the case, or against us on the merits of the case.

Mr. WOOD. Mr. Cole was for you on the merits of the case?

The WITNESS. Yes; but these gentlemen in the House were actively for us on the merits of the case; besides that, they had no real or fancied injuries to revenge.

Q. Then it was to subdue these fancied injuries that Mr. Whiting was paid?—A. It was to convert a gentleman from a lukewarm friend into an active friend of the measure. There is not a politician in the United States who does not understand that a man does not break his neck for people who are opposed to him.

Q. You now say that you paid Mr. Schumaker \$300,000?—A. Yes, sir.

Q. Why did you say, in your statement before the committee and the House, that you had paid him \$275,000?—A. I was asked before the House an entirely different question. I was asked the largest sum I had paid to any one person, and I said \$275,000, that being the picture on my mind of the largest sum I had paid.

Q. And you now say positively that it was \$300,000 that you paid him?—A. It was.

Q. From what memoranda have you refreshed your memory since you were here on Friday in reference to the corrections which you have made this morning?—A. I have made only one correction and that was in Mr. Whiting's case. I have not refreshed my memory by looking over any memoranda, but by going away from the memoranda, that is, from the bank-account and from the testimony of the bank-officers, and by looking over the case as it was, and it came to my mind about Mr. Whiting giving me back the \$35,000.

Q. You have no private memoranda as to your disbursement outside of what you have told us?—A. I have not.

Q. With reference to this \$25,000 sent to Mr. Schumaker from California, how was it sent?—A. It was sent by draft of the Bank of California on Lee & Waller, of New York.

Q. Are you quite sure of that?—A. Positive.

Q. Payable to whose order?—A. I am not positive, but I think it was payable to my own order, and indorsed by me to J. G. Schumaker. My impression arises simply from the fact that I would not have cared to have let the officers and clerks of the Bank of California know his name in the matter.

Q. You are quite sure of the remittance?—A. Yes. It was a draft. Drafts are issued by the Bank of California in two parts, original and duplicate. It was a sight draft on New York.

Q. To whom did you remit that draft?—A. I remitted it to J. G. Schumaker, 17 William street, New York.

Q. Did you keep a copy of the letter to him?—A. I doubt if there was any letter except, perhaps, merely a memorandum. There is no copy of such a letter in my letter-book, for I have looked to see.

Q. But you are certain you sent it to him by mail?—A. I am certain that I sent it in an envelope with a memorandum; but whether it was a letter or a pencil note, I do not recollect. There was no copy of the letter.

Q. With reference to Mr. King, his arrangement, I understand you, was made with Mr. Stockwell?—A. Whatever arrangement there was made with him was made by Mr. Stockwell.

Q. When you came to pay Mr. King this \$115,000, did you have any conversation with him?—A. None, except what I stated in my testimony on Friday.

Q. Did you ask him what he had done for that sum of money?—A. I did not.

Q. Did he tell you what he had done?—A. He did not say anything about it.

Q. What did you think you were paying it to him for?—A. I thought I was paying it to him for his services.

Q. What were these services?—A. Using his influence in behalf of the bill, canvassing the House, to see who was for it, and who was against it, and who doubtful, and canvassing the Senate in the same way. All his services which were rendered in the House were rendered prior to the time when I took charge of the measure.

Q. How many persons had you canvassing the two Houses?—A. I had some persons for verifying the canvass made by others.

Q. Then you employed one man to watch another?—A. No; but as the different persons employed reported to me differently, one man's name would be checked on different lists in two or three different ways; and then I employed another man, not for the purpose of watching any of them, but in order to give me exact information how these persons stood.

Mr. WOOD. I hope you will endeavor to make more clear than you have done, and more satisfactory to myself at least, the real and true reason why you gave these enormous sums of money to these men. You cannot make anybody believe that you gave \$115,000 to one man, \$65,000 to another, and \$300,000 to another, merely for the influence which either of these gentlemen might have used in a general, legal, and proper way.

The WITNESS. Is it only the size of the amounts that makes you doubt it?

Mr. WOOD. That is in itself sufficient to shake the confidence of any man in your statement.

The WITNESS. The amount did not strike me as very large.

Mr. WOOD. Do you not think \$300,000 a very large sum?

The WITNESS. That depends on what it is for. If I was asked to get a subsidy of \$750,000 here now, I should charge \$5,000,000 for getting it. I have known \$250,000 in gold coin to be paid to one man for three weeks' services—for traveling in the cars two weeks and for seeing people another week.

Q. In what country was that?—A. In the United States of America, in a matter involving far less money than this did, and in which there was no scandal and no possibility of scandal.

Mr. BECK. There is a mistake, I think, in the testimony of either yourself or Mr. Eugene Kelly, a banker of New York, as to who Mr. Whiting was. Mr. Kelly speaks with some confidence of his being a brother-in-law of Senator Cole, and I understood you the other day to say that you thought not.

The WITNESS. I think not, for the reason that I know a Mr. B. C. Whiting, who is a brother-in-law of Mr. Cole, and I know Mrs. Cole and Mrs. B. C. Whiting, and I never heard that the two Whitings married sisters. But Mr. Kelly may be right, and I may be wrong. I only do not know that A. H. Whiting is Mr. Cole's brother-in-law, and I never heard so. I do not even know that A. H. Whiting is any relation of B. C. Whiting, though I have heard that they were either brothers or cousins.

Q. Do you know where A. H. Whiting resides?—A. I do not. I did not even know where he resided in 1872. He had three places of business, as I understand—Arizona, San Francisco, and New York—and he might have considered his residence at either place. He is very probably in Arizona where he has mining interests as well as transportation business.

Mr. BECK. Be kind enough to try and make out a condensed statement of all your expenditures, in connection with this subsidy, so that they will all appear together instead of being scattered over seven days' examination.

The WITNESS. I will do so, and will send it in to-morrow. I will have to take for granted the correctness of that \$140,000.

Mr. BECK. In the first statement, as to the expenditure of the \$750,000, you have made some correction. It appears that Schumaker got \$300,000 of that money; King, \$125,000; Abert, \$125,000, and Mr. Whiting and yourself, between you, \$200,000. I mean that that is the way in which the \$750,000 was drawn out of the bank.

The WITNESS. You are right, I believe.

Mr. BECK. Then you had previously paid Governor Randall \$35,000?

The WITNESS. Yes.

Mr. BECK. And you had paid other sums either as retainers or as certain fees?

The WITNESS. Yes, sir; or as expenses. The total amount remaining in my hands unaccounted for in July, which I was willing to have Mr. Stockwell believe I had kept for myself, was \$85,000; and that would have made the whole \$895,000.

Mr. BECK. I understood you to say that Mr. Shaw was to keep all his money himself?

The WITNESS. Yes, so far as I know. In Mr. Shaw's case, as he was employed by Mr. Stockwell's order, I reported to Mr. Stockwell (which I did not do in any other case, or in very few cases) the amount which he was to be paid, and it did not make any impression whatever. I thought I would let everybody "skin their own skunks." I did not interfere at all.

Mr. BECK. Some gentlemen supposed that there might be an arrangement with Mr. Shaw for a division of the money with others.

The WITNESS. There was no arrangement between Mr. Shaw and myself at all. I found that he had his information from Mr. Clews that he was to be employed, and I had my orders to employ him from Mr. Stockwell.

Mr. FOSTER. I heard it stated that you exhibited a list of persons to whom portions of Mr. Forney's \$25,000 went.

The WITNESS. As I never understood that Mr. Forney was to pay any money to anybody, and as I never saw him after the money was paid, I think that if you chase up that list you will find it disappear where some of those other rumors have disappeared.

Mr. FOSTER. How is it in point of fact?

The WITNESS. I do not think that such a list ever existed.

Q. You never made any such statement?—A. I never did.

Q. And you say the same as to Mr. Shaw?—A. Yes, sir.

Q. And as to Sam Hatch?—A. The same answer applies to him.

By Mr. SHELDON:

Q. Have you fixed the date when Mr. Schumaker was employed?—A. I cannot do so positively, except by saying that it was shortly before the 13th of February. I can only fix that by remembering that he was employed before Mr. Stockwell's letter was received by me.

By Mr. BECK:

Q. Were most of those large sums to be contingent on the success of the measure?—A. Yes, sir.

Q. And therefore it was that this large amount was taken out so late as the 29th of May, after the contingency had passed?—A. Yes.

Q. The actual payments were not to be uncommonly large unless the contingency happened?—A. No, sir.

Q. And it was after it was all over that this \$750,000 was drawn out for the purpose of meeting the contingent liabilities?—A. Yes, sir.

By Mr. WOOD:

Q. Did either of those gentlemen, Mr. Hatch, Mr. Schumaker, Mr. King, or Mr. Whiting, furnish you a slip of paper with any names of members of either House whom they could influence?—A. Mr. Hatch was the only one who showed me a list of any kind of the members whom he could influence. He showed me that list simply, as I understood it, for the purpose of showing me who his acquaintances were; he did not propose to be able to control these men; he simply said that he did not know anybody outside of these men, and that he would not undertake to speak to any one else.

Q. He did show you a list?—A. I think he did. I will not be positive even about that, but I am positive that the others did not. Mr. Hatch's list was either a manuscript list or a roll-call of the House; I think it was a roll call of the House.

Q. How many names were on that list?—A. I should think about twenty names.

Q. Who were they?—A. That I cannot tell; it did not make any impression upon me at all then or since.

Q. Can you not recollect two or three of them?—A. I do not think I can recollect two or three of them; he marked a number of gentlemen, I think, of the Missouri delegation, and a number of gentlemen of the Louisiana delegation as persons whom he knew personally, but it did not make any special impression upon me.

Q. Did you not give him this money for the purpose of influencing these particular people?—A. I did not. I gave him the money because I was instructed by Mr. Stockwell to employ him.

Q. And you do not recollect any of the names that he showed you?—A. It would be an injustice to attempt to recollect the names.

Q. Was he the only person who furnished a list of that kind?—A. I think he was.

Q. Are you certain?—A. I am not certain, because I do not really recollect it.

Q. You would recollect it if it had occurred?—A. If it had been an important transaction, and had made an impression upon my mind at the time, I should have recollected it.

Q. Did you not consider this an important transaction?—A. I did not.

Q. Involving the expenditure of nearly a million dollars?—A. I am speaking of the particular transaction. If a man had come in and showed me a list and said that he could control these twenty men, and I had dealt with him for those twenty men on that basis, I think I should have recollected it, because I should have regarded that as an exceedingly important circumstance; but if he merely came in and said, when I was instructed by another man to employ him, "Here are gentlemen whom I know," that would not make any impression upon my mind at all.

Mr. WOOD. We assume that you must have had some reason for giving these sums of money predicated upon the persons whom this man could influence, and we want to find out your reasons.—A. Take Mr. Hatch's case for example. That assumption would be based upon the supposition that I employed Mr. Hatch. Now, as I did not employ him, but was simply obeying orders in the matter, I did not pretend to have any knowledge of the subject.

Q. Still, as the agent of Mr. Stockwell and of the Pacific Mail Steamship Company, you would not have paid money to men if they had not earned it?—A. I would if I had been ordered to.

Q. Without taking cognizance of the fact whether a man was entitled to anything or not?—A. Certainly.

Mr. KASSON. I wish you to state the amount which you received in checks and money prior to your receiving the \$750,000. We understand it to be about \$140,000.

The WITNESS. That is what appears from the company's books. My recollection is that it was less. My recollection also is that I received a large part of that amount from Mr. Stockwell himself individually, and only a small portion of it from the company; but I will assume that it is \$140,000, which assumption I made in the account which I was going to give Mr. Stockwell in July.

Mr. KASSON. And on that basis the entire amount coming into your hands would have been \$890,000?

The WITNESS. Yes, sir.

Mr. KASSON. And beyond that aggregate sum of \$890,000 there was no money disbursed by you, or by any person to your knowledge, in connection with the obtaining of the subsidy?—A. No, sir; none whatever, except as is sworn to in the testimony.

Q. Aside from the testimony here, you do not know of any other sum being paid?—A. The only sum proved here, as I understand it, is the payment to Mr. Parsons.

Q. Whatever was paid to Mr. Parsons, not through you, would be in excess of the \$890,000?—A. Yes, sir.

Q. Did you at any time say to Mr. Whitelaw Reid that you had re-

ceived more than \$900,000?—A. I did not; I read in Mr. Reid's testimony his account of what I stated to him, and I think that Mr. Reid misunderstood me, although I have no doubt that his misunderstanding was caused by a confusion in my statement. I said to Mr. Reid that I had understood (as mere hearsay) that \$300,000 had been spent in addition to the \$900,000 which I had expended, and that it had been paid to persons whom Mr. Stockwell himself employed. He then said "Whom did Mr. Stockwell employ?" I said, "Well, Parsons, among others," and I referred him to Mr. Parsons' Cleveland speech for the fact. Mr. Parsons had himself stated, in a speech at Cleveland during the campaign, that he was employed and paid by Mr. Stockwell as attorney, and therefore I felt no delicacy in alluding to his name. But I did not say that Mr. Parsons had received \$300,000, and I had no reason to believe so. Mr. Reid, I believe, has corrected this statement of his, and when he was doing so he got my message wrong, as he made it appear that I had said that Mr. Stockwell paid back the \$300,000, which I did not say.

Q. You say that Mr. Rufus Hatch suggested the employment of Mr. Averill?—A. Yes.

Q. State what knowledge you have of that fact.—A. No knowledge, except that I understood from Mr. Stockwell that that was the fact.

Q. And at the same time did you understand what Mr. Averill was to do?—A. I did not. He was referred to me unconditionally, and I put him on the work which he has stated himself in his testimony, which was the only thing I wanted him for, and the only thing I thought he could do.

Q. About what time was Mr. Samuel Hatch employed?—A. He was employed in March.

Q. And from that time until when?—A. Until the bill finally passed.

Q. Did you pay Mr. Sam Hatch any money with the understanding that he was to pay it or any part of it over to any member of Congress or any officers of either House?—A. I did not.

Q. Did Mr. Hatch, or either of the agents employed in connection with the subsidy, make a statement to you, at that time or afterwards that he had paid certain sums to any member or officer of either House of Congress?—A. No, sir; I will except Mr. Hersey and Mr. Boyd, of course.

Q. But no others?—A. No, sir.

Mr. KASSON. Allow me to say, before putting another question, that an idea seems to exist in some directions, which the committee does not at all feel, that there may be some hesitation in our inquiries lest a result would be developed affecting some members or officers of either House. I said that in order to ask you to search your memory now, and if there is any possible link in the chain of evidence which you have not stated, and which is within your knowledge, that will lead us to any trace of a member or officer of either House of Congress who was interested in any way in this money, I ask you to state it, after carefully remembering and considering the question.

The WITNESS. I know of none.

Mr. KASSON. Every fact that will put us upon any line of inquiry that you know, in any direction, has been stated by you?

The WITNESS. I have endeavored to state it. If I should think of anything afterward, I shall let the committee know; but I think I have pumped my memory pretty dry.

Mr. KASSON. We want from you, as from every other witness, the last scintilla of evidence that will lead us to the ultimate resting-place of all

this money, and you say now that you know nothing else that will lead us further on to the ultimate resting-place of this money, unless we have already found it.

The WITNESS. I know of nothing else.

By Mr. BURCHARD:

Q. Have you a copy of your account with the American Exchange Bank?—A. Not with me, but I have it in the city.

Q. Here is a copy of the account which has been furnished to the committee.—A. [After looking at it.] I have no doubt it is correct; I recognize the handwriting.

Q. The account of the Pacific Mail Steamship Company shows that on the 29th of January there was charged to expenses in Washington, Richard B. Irwin, \$25,000; state whether you received that sum, and whether it is entered on your bank-account.—A. I received it, and it is entered on my bank-account.

Q. On the 14th of February, there is a charge of \$40,000; did you receive it?—A. That is a false entry. It was not made on the 14th of February. I received from A. B. Stockwell, individually, the proceeds of a check for \$40,000 on the Merchants and Manufacturers' Bank, and how could that possibly have been paid to me by the Pacific Mail Steamship Company two weeks beforehand?

Q. Mr. Stockwell's letter of the 13th of February states that he inclosed checks to your order for \$250,000—\$100,000, \$110,000, and \$40,000.—A. These were his own checks.

Q. Are either of them entered in your account?—A. Mr. Stockwell's check for \$40,000 on the Merchants and Manufacturers' Bank, dated the 13th of February, was sent by me for collection about the latter part of February through the American Exchange Bank, and is here credited on the 26th of February; but I never received that money at all from the Pacific Mail Steamship Company.

Q. I call your attention to entries in the books of the company. I find a check, No. 1647; dated February 13, 1872, by A. B. Stockwell, president, for \$40,000 in favor of A. Masterton; is that the check which you received?—A. No, sir; that was a check which was paid to Mr. Masterton, who was also one of those innocent and ignorant men.

Q. Did you receive that same sum of \$40,000 from Mr. Stockwell or from the company in connection with the subsidy?—A. I received it from Mr. Stockwell individually.

Q. But it was to be used by you in this matter?—A. Yes.

Q. On the 19th of April, did you receive \$35,000?—A. You are now coming to the point where I cannot help you any further without seeing my checks.

Q. Can you not tell from what source you received it?—A. I cannot.

Q. It was money received by you for the purpose of being used in obtaining the subsidy?—A. Yes; but you are getting to a point where the bank-account is mixed with my own funds.

Q. Do you desire further time to examine the account?—A. I want to see those checks from New York first.

Q. You mentioned a Mr. Cheever, but I did not understand for what he was employed.—A. He was employed by Mr. Stockwell on Mr. Clews's recommendation. He began writing a number of letters backward and forward between this city and New York, reporting everything that was going on.

Q. Was he here during the subsidy?—A. He was.

Q. And remained here all the time?—A. I do not know; I do not

think he accomplished anything. These letters came to me; they were written on headed note-paper, with the motto, "Virtue, not force," and bothered the life out of me, so that I asked Mr. Stockwell to ask Mr. Cheever either to stop writing these letters, or to let me pay him and get him out of the way. Mr. Stockwell told me to do as I chose. I called Mr. Cheever into Mr. Stockwell's room, took out a check, filled it, and gave it to him in Mr. Stockwell's presence, and said, "Now you go and wait until I send for you." My impression is that I never sent for him after that, and he appeared no more. He simply came down here and conversed. He is a man with powerful conversational talent, but I really do not think he ever did anything at all.

Q. How much did he get?—A. Five thousand dollars.

Q. What had Mr. Roach to do with the subsidy?—A. He was down here working for it.

Q. Was he employed?—A. No, sir; there was an agreement with Mr. Stockwell that if he got the subsidy, Mr. Roach should build the ships.

By the CHAIRMAN:

Q. The checks which you received from Mr. Stockwell personally amounted to \$275,000?—A. Yes, sir; with the exception of \$25,000 received from the company.

Q. And you wrote back to Mr. Stockwell saying that it was your understanding that you were to have \$500,000 instead of \$250,000, and you received other checks?—A. The checks inclosed in his second letter were the company's checks.

Q. You have stated all of the arrangements which you made with each of the individuals whom you employed?—A. I think I have tried to do so.

Q. Have you stated it fully?—A. Yes, sir.

Q. Is there any part of those arrangements which in your opinion is other than an honorable arrangement?—A. No, sir.

Q. Is there any part of it, therefore, which there was any occasion for keeping concealed?—A. Yes, sir.

Q. State what part there was that should have been kept concealed.—A. Although I do not see any wrong in people coming here and performing services in behalf of a measure before Congress, there is a feeling in the minds of the public that there is something wrong about it, and that the payment of any money, large or small, especially large amounts, necessarily involved, a different disposition of the funds from what it would be if the same amount was paid in private life, and I think people employed here are very sensitive in regard to having their names published.

Q. Was it a part of the arrangement that you should keep it concealed?—A. No, sir.

Q. Did they expect from anything that passed between you and them that you would keep it concealed?—A. Not from anything that passed between me and them.

Q. Was it a part of the plan that these men should perform this service without its being known that they were performing it?—A. No, sir.

Q. Then it was neither a part of the arrangement, nor an understanding between you and them, that it should be kept a secret?—A. It was not.

Q. If it was not a part of the plan that it should be unknown that they were so employed, what occasion was there for you to refuse to an-

swer the questions who they were?—A. I regarded the employment in my own mind (whatever they might have regarded it in theirs) as a confidential employment, for the reason that I have just stated to the committee. I was also of the opinion that the committee would ascertain from other sources all the information which I did not consider myself at liberty to give, and I thought that if the committee had waited a fortnight it would have had that information in its possession.

Q. Did I understand you to say before that you could not honorably disclose the names of those gentlemen?—A. Yes, sir.

Q. If it was in no way a dishonorable employment, what was the reason for that answer?—A. I could not honorably disclose the name of any person who would be subjected, from my disclosing his name, to the scandal, and I may say the torture, to which some of these men have been exposed by the fact that their names were brought out.

Q. If they were employed in an entirely legitimate and honorable purpose, and if there was not the slightest understanding that their employment should be concealed, what was there dishonorable in disclosing their names?—A. It is always dishonorable to violate confidence, no matter what the consequences are.

Q. But if the confidence does not exist?—A. It existed in my own mind.

Q. Then it existed solely in your own mind, according to the testimony?—A. Every man's conscience exists solely in his own mind.

Q. I understand you that you communicated this idea of a confidential relation to none of them?—A. I did not.

Q. They did not understand that their employment was dishonorable?—A. I do not know what they understood.

Q. They did not understand it from you?—A. Not from me.

Q. Or from anybody that you know?—A. It was inherent in the nature of the arrangement; if I made an agreement with a man which (the agreement being made public) is going to subject him to the rigors of a cross-examination, and to the scandal of publicity, and to having his motives suspected, and all his private actions and his private affairs inquired into, as has been done in some cases, (I am not stating this as a criticism, but as a fact that enters into my own mind,) it seems to me that I would be violating confidence if I gave that man's name to anybody who would use it for that purpose.

Q. Did you make this arrangement in view of a rigorous cross-examination?—A. I did not.

Q. Then that was not a part of it. Did you make it with a view of avoiding scandal?—A. I did not.

Q. Then that was not a part of it. What particular thing entered into your mind at the time of that arrangement which now seems to you to have been of a confidential character?—A. I refused to answer, not at the time I made the arrangement, but at a time last December, when I thought I could not honorably give up the names.

Q. What had transpired to change the relations made between you and these individuals between the time when the arrangement was made and last December, when you refused to give up their names?—A. Nothing whatever. If I had been asked at any time to give up their names, I should have declined to do so.

Q. Then there was something (and that is what I am after) lurking somewhere which bred in your mind the idea that this was a confidential relation; pray tell us what that was.—A. I think it is inherent in the nature of the agreement. If I employ a lawyer for any purpose, that is a confidential relation.

Q. Is it so confidential that you would not tell the name of your lawyer? Did you ever employ a lawyer when you felt any hesitancy in telling people that you employed him?—A. If I found that this man was going to be subject to anything that he did not want to be subjected to, I would not give his name.

Q. Did your arrangement with these men require any employment on their part which you thought they could not do as well if it was known that they were employed by you?—A. I did not think so. I think, as a matter of fact, that at the time these gentlemen were employed almost everybody must have known that they were in the employment of the Pacific Mail Steamship Company.

Q. Then you did not intend that it should be otherwise than absolutely known that Mr. King was employed to take care of the Senate and Mr. Schumaker to take care of the House, and Mr. Whiting to take care of Mr. Cole?—A. When you come to inquiring into details, it seems to me that that was a matter which was not anybody's business, so far as the public was concerned.

Q. Do you say positively that Mr. Stockwell told you that Mr. Rufus Hatch recommended any of these men—Mr. Averill, for example?—A. I do positively.

Q. And Mr. Samuel Hatch?—A. Yes. I do not say that it was so, but merely that Mr. Stockwell told me so.

Q. In Europe or here?—A. In New York, in his office.

The examination of the witness was here, at his own request, suspended until Wednesday next.

WASHINGTON, D. C., January 27, 1875.

RICHARD B. IRWIN recalled.

By Mr. BURCHARD:

Question. I was asking you when you were last before the committee about the deposits to your account in the American Exchange National Bank, in New York. Have you a copy of your bank-account here?—Answer. I have not got it with me. I have one in the city; it is just like that before you, but I have not seen those checks yet.

The CHAIRMAN. The checks have not yet reached the committee.

The WITNESS. I have made up a statement in the absence of those checks, and I submit it to the committee. It is a condensed account of the subsidy fund.

The statement is as follows:

Condensed account of subsidy-fund.

Received from Stockwell	\$90, 000
Received from Pacific Mail Steamship Company, as alleged.	50, 000
Received from Pacific Mail Steamship Company, as admitted.	750, 000
	890, 000

Expended as follows:

Abert	\$7, 000
Averill	10, 000
Berrett	10, 000
Boyd	4, 500

Carmick	\$2,500
Corwine	3,600
Chittenden	5,000
Cheever	5,000
Fant	12,000
Forney	25,000
Hatch	30,000
Hersey	11,000
Ingham	10,000
King	125,000
Moran	15,000
Morris	1,500
Parsons	1,500
Randall	10,000
Randall, (special)	35,000
Rice	2,500
Shaw	15,000
Sherrill	500
Schumaker	300,000
Whiting	65,000
	706,600
Assistant and clerks	13,400
Sundry payments accounted for per statement July 1, 1872, but now forgotten	45,000
House and personal expenses, (including traveling, telegrams, stationery, printing, carriages, &c., in Washington and New York)	40,000
	805,000
Balance unaccounted for July 1, 1872, retained by me	85,000
	890,000
Against which Stockwell returned to company, (see Roundey's testimony)	\$90,000
And Lockwood check	200,000
	290,000
Balance recharged Eldridge and Irwin	600,000

Comparison of bank-accounts.

Total deposits from January 1 to June 30, 1872:

National Metropolitan	\$35,300 16
American Exchange	908,109 63
Musgrave & Co	18,986 00
	962,395 79
Transfers from American Exchange to National Metro- politan	\$34,000 00
Transfers from Musgrave to American Exchange	6,000 00
Received from Stockwell	90,000 00
Received from company, disputed	50,000 00

Received from company, admitted.....	\$750, 000 00
Trust-funds	\$24, 986 00
Personal funds	7, 372 74
	32, 358 74
	962, 358 74
Difference.....	37 05
	962, 395 79

Bank of California account.

Returned by Whiting.....	\$40, 000
Returned by Abert in New York.....	100, 000
Returned by Abert afterward.....	9, 000
	149, 000
Private and trust funds, (per p. 3)	30, 000
Schumaker	25, 000
Rice	2, 500
Ingham	5, 000
Sundries	2, 500
Irwin	84, 000
	149, 000

I have also here a statement to show the committee the fact that all these sums were included in the compromise made by the company with Mr. Stockwell. It is a comparison and analysis of the reports which I spoke of, and I would like to have it put in evidence as part of my testimony. It is simply a demonstration that these subsidy funds were included in the compromise with Mr. Stockwell. Of course the committee can use its own pleasure in letting it in or shutting it out, but I regard it as an important fact.

The CHAIRMAN. It seems to us that this does not throw any light upon the issue which we are examining except as showing how far the company was compromised in this expenditure of money. If the company knew of the use that had been made of this money, and ratified it afterward by any transaction between it and the president of the company, it may have a bearing on the subject before the committee.

The WITNESS. That is what I wish to demonstrate. Every director and every person connected with the company has denied all knowledge of the use of money here, and it seems to me that a short refutation of that denial may be also put in evidence.

The CHAIRMAN. I can see a phase of this case in which this analysis would have a bearing upon the issue before the committee, as showing how far the company itself was involved in the transaction.

Mr. ROBERTS. I asked the witness whether or not any portion of the money which was returned had ever reached the company, and the witness testified that, as far as he had any knowledge, no part of it had ever gone back to the company. If this statement of his connects itself with that point at all, it would be in order.

Mr. KASSON. We have endeavored to steer clear of the local fight in New York, and of the bulling and bearing of the stock; and it seems to me that the compromise made between Mr. Stockwell and the Pacific Mail Steamship Company can hardly connect itself with the question

as to whether this fund corrupted members of Congress. It is to keep clear of an outside issue that I desire to raise the point upon the reception of this statement by the witness.

Mr. BECK. I agree with Mr. Kasson that we had better not go too far into the private quarrels of the company.

The CHAIRMAN, [to witness.] Is this paper intelligible to us without your explanation?

The WITNESS. Yes, sir; I have drawn it up so as to make it intelligible to anybody. I also submit two or three other papers. One is an abstract from the proceedings in the Challis case by which the public was advised of these proceedings in Washington, and consequently the directors of the company must have been. The other is a letter from Mr. Henry Clews, showing that an exhaustive statement was called for. Another paper is an abstract from Mr. Roach's testimony last winter, in which he testifies that there were discrepancies of \$1,600,000 on the books of the company, agreeing with my statement.

[The witness handed the papers to the committee, and they were reserved for further consideration.]

By Mr. BURCHARD:

Q. From whom and how did you receive the \$25,000 that is credited to your account on the books of the American Exchange Bank in New York on the 27th of July, 1872?—A. I have an impression that I received it from the Pacific Mail Steamship Company; I am not certain of it, but that is my impression.

Q. And how did you receive it?—A. In the form of checks on the National Bank of Commerce, in New York, if I received it at all.

Q. From whom and how did you receive the \$40,000 credited on the 26th of February?—A. I received a check from A. B. Stockwell, dated the 13th February, for \$40,000, which was remitted by me to the American Exchange National Bank, and placed to my credit on the 26th of February. It was paid by the Manufacturers and Merchants' Bank through the clearing-house.

Q. How did you receive the next credit, \$35,000?—A. I do not know anything about that until I see the checks.

Q. You do not know from whom, or how, or where that money was received?—A. I do not. It must have been received either from the company or from Mr. Stockwell. It was from one or the other.

Q. Is it one of the sums which you included in your statement?—A. It is one of the sums which I included in the \$140,000. I will give the same answer as to the \$20,000 to my credit on May 11, and as to the \$20,000 on May 15. I received those checks either from the company, or from Mr. Stockwell, and I cannot tell which until I see the checks.

Q. From whom did you receive the \$10,000 credited to you on the 23d of May?—A. That I cannot tell. I had some personal funds and funds belonging to the trust which I spoke of. My impression is that that \$10,000 was deposited in currency.

Q. You admit receiving \$750,000 in the checks of the company; how does it come that that amount is credited in two separate items, \$735,000 and \$15,000?—A. That deposit was a mere matter of convenience at the time. I suppose I reserved this \$15,000, expecting to use it instead of drawing new checks of my own. I have no recollection now to explain anything about it; or I may have intended to send the checks for that \$15,000 to Washington to be deposited here.

Q. On June 5 you deposited \$18,500?—A. That was money that was paid back by Mr. Charles Abert.

Q. On the other side you appear to have drawn on the bank for \$2,500 on the 6th of February.—A. Yes, sir.

Q. State to whom you paid that money.—A. That is more than I can say at this distance of time. I may have drawn it out in greenbacks, or I may have paid it away, or I may have made any other disposition of it. I cannot go into the details.

Q. You also drew \$2,000 on the same day; can you give any explanation of that?—A. I will have to make the same answer in regard to all these items; I cannot attempt to recollect them.

Q. There is an entry of \$2,500 on the 8th of February, which appears to have been a certified check.—A. I cannot tell as to that. The various sums that I drew from the National Metropolitan Bank in this city I can identify, because I have the other side of the accounts.

Q. There was \$5,000 drawn on the 15th of February, \$15,000 on the 28th of February, \$5,000 on the 19th of March, \$5,000 on the 26th of April, \$5,000 on the 9th of May, and \$5,000 on the 21st of May. These amounts were all drawn by you from the American Exchange National Bank, and deposited in the National Metropolitan Bank of Washington?—A. Yes, sir; all excepting this \$1,000 in currency.

Q. On the 23d of March you appear to have drawn \$4,000?—A. Yes, sir.

Q. Can you tell to whom that was paid?—A. I can, but I would not have been able to state that except for the testimony of Mr. Capron before this committee. By it I was able to connect that with a payment to Samuel A. Hatch. I recollect paying him that money at that time, and Mr. Capron's testimony enables me to identify that; but I am not so positive about it as to be able to swear that it was paid to him rather than to any other person, only that that is my impression.

Q. Go back to this payment on the 6th of February. That was the first sum that you paid out in Washington connected with the subsidy?—A. I think it was.

Q. Can you not recollect to whom and on what account that was paid?—A. I cannot, because I may have taken the money myself and used it for my expenses.

Q. You seem to have drawn out two sums on the same day—\$2,500 and \$2,000?—A. I may have given one of those checks to somebody else, but it is impossible for me to tell.

Q. Did you know all the members of Congress and employes of Congress at that time?—A. I did not.

Q. Can you swear, then, that you did not pay that money to any member of Congress or any employe of Congress?—A. I can.

Q. On the 8th of February there was a certified check of \$2,500. Did you use that money yourself?—A. I suppose not, as the check was certified.

Q. It must have been remitted to New York?—A. Yes.

Q. Have you any recollection of it?—A. None whatever.

Q. Do you recollect anything about the \$2,000 on the 15th of April?—A. I do not.

Q. Or of the \$1,500 on the 22d of April?—A. That I identify, on Mr. Abert's testimony, as having been paid to Mr. Parsons.

Q. Can you tell anything about the \$2,500 on the 29th of April?—A. I cannot.

Q. Or of the certified check for \$22,500 on the 29th of April?—A. I do not know anything about it.

Q. Or of the \$15,000 on the 11th of May?—A. I cannot tell about that, either.

Q. The \$4,000 on the 21st of May?—A. I cannot tell you about it.

Q. The \$10,000 on the 25th of May?—A. My impression is that that \$10,000 I drew myself.

Q. The \$8,000 on the 27th of May?—A. I do not recollect that, either.

Q. The \$11,500 on the 27th of May?—A. My impression is that that check was drawn to the order of Mr. Moran, but I am only speaking from my impression.

Q. The \$19,000 on the same day?—A. That I cannot recollect at all.

Q. The \$16,000 on the 29th of May?—A. I think that was to Samuel A. Hatch.

Q. Have the entries subsequent to that date any connection with the payments made on account of the subsidy?—A. They may have to a trifling extent, but only to a very trifling extent, and I do not identify any of them. I only know that I paid out some money in small sums after that date.

Q. Here is an item of \$1,000 on the 29th of June, and one of \$13,000.—A. That \$13,000 was a transfer to Musgrave & Co.

Q. And \$4,000 on the 2d of August.—A. That I do not recollect at all. I will identify some of these large items in my account with the American Exchange National Bank. This item of \$125,000 on May 27 was to Mr. Abert. The \$100,000 on the same day was to Mr. Abert, and the other \$100,000 on the same day was to Mr. Whiting. The \$275,000 on May 29 was to Mr. Schumaker, and the \$115,000 on May 30 was to Mr. King. That is about as far as I can go.

Q. How was this \$125,000 paid to you, and where?—A. I will explain that transaction. There were two checks, one for \$125,000 and one for \$100,000, both to the order of Charles Abert. After I had given him written instructions, and the list, which he showed you, for the disposition of the \$125,000, I was about to give him instructions as to the disposition of the \$100,000, that is, that he was to go and buy a draft on San Francisco with it; but I found that his mind was already sufficiently burdened with the \$125,000, and that he was bothered about it, and I said to him, "You give me \$100,000 out of the proceeds of that \$125,000 check," (which was all that the bank had notes to pay at that time.) They asked him to wait until their exchanges came in in the morning and they would give him the \$100,000 in large bills in the afternoon. So I took the \$100,000 out of the first \$125,000 and added it to the \$40,000 from Mr. Whiting. Mr. Abert took the \$25,000 that was left and the other \$100,000—the amount of the other check—and that made the \$125,000 which was accounted for in his testimony.

Q. How much money did you take with you to California?—A. One hundred and forty thousand dollars.

Q. In bills?—A. No, in the form of a draft.

Q. Where did you obtain the draft?—A. That draft was obtained at the New York agency of the Bank of California, Lees & Waller. The money for the draft was paid in currency, but the draft itself was for gold.

Q. What was the premium on gold at that time?—A. My recollection is that it was about 15. The \$101,000 in gold deposited to my credit in the Bank of California represents the difference between the amount of that draft and the sum which I sent to Mr. Schumaker.

Q. Did you deposit that draft in the Bank of California?—A. I deposited the difference between the face of the draft and the cost of the draft in favor of Mr. Schumaker, as nearly as I recollect.

Q. Where did you give Mr. Schumaker the \$275,000 check?—A. That is a thing I cannot recollect, but my impression is the same as his, that I gave it to him in his office at 17 William street, but I cannot make the dates connect. I cannot make my memory come to any other point than to 17 William street, and I cannot do anything else than prove an *alibi* in my own mind as to being in New York at that time. It is possible that I may have dated that check ahead, or that he may have received it before and retained it.

Q. You know that you were not in New York at the time of the date of the check?—A. I do not know that, because I do not know the date of the check. I was not in New York on the 29th of May when the check was paid. I left Philadelphia on the 28th of May, in the 11.40 p. m. train, and consequently on the 29th of May I must have been about Chicago.

Q. When you gave Mr. Schumaker that check, did you give him any instructions as to what he was to do with the money?—A. I did not. That is already covered in my testimony.

Q. You gave him no instructions?—A. None.

Q. As to these charges in your bank-account, to which I have called your attention this morning, do you swear positively that you paid none of that money to any member of Congress, or any officer or employé of either House?—A. I do.

Q. In your account with the National Metropolitan Bank of Washington there are several payments here in sums of \$1,000, \$2,500, &c., in some of which the bank-books identify the names of the parties to whom the checks were made payable. There are some here payable to yourself or your order; I would like to ask you in reference to that.—A. Let me answer generally. The checks payable to myself or to my own order were either paid to myself or to Mr. Abert, or to somebody else to whom I gave the order. The whole of that money is accounted for in my statement which I presented this morning.

Q. I want to get at the individuals to whom you gave these checks.—A. I cannot tell you any more nearly than I have done. I have not the slightest idea whether I drew any one of these checks, or whether Mr. Abert did, or whether a third party to whom I gave them did.

Q. You have examined this account with the National Metropolitan Bank?—A. I have examined it carefully.

Q. There are some eight or ten checks there payable to your own order?—A. Yes, sir.

Q. And do I understand you to say that you are unable to state to whom any one of those checks was paid?—A. I have not the slightest idea.

Q. Did you pay any money or give any check to any other person than those that you have already named in connection with the subsidy?—A. I do not know that there was any other individual. I cannot name any other at present.

Q. You swear positively that you have no recollection of any other individual to whom you paid money, on account of his service in connection with the passage of the subsidy?—A. I do. I have gone up to the frozen ocean with my recollection, and I cannot get any further.

Q. Mr. Abert testified to having given you \$50,000 in money, on the 15th of May; where does that appear on your bank-account, or does it appear?—A. I do not know. I do not think that Mr. Abert distinguishes, in his own mind, between checks and money. That \$50,000 which he speaks of is the \$50,000 which I account for as having received from Mr. Stockwell. If the committee will recall my first testimony it will

be found that I sent back to Mr. Stockwell, about that date, his check for \$110,000, and received from him a new check for \$60,000, which was to be kept, and which I did keep until the final settlement of the whole thing. I also received from him in some shape \$50,000, but in what shape it was I do not recollect. If I had been called upon to make a statement without looking at this bank-account, I should have said that Mr. Abert gave me \$30,000 in notes, and deposited \$30,000 to my credit in New York, but I cannot be positive on that point now.

Q. Mr. Abert says, "The amount to which you refer, of the 15th of May, (which was \$50,000 or \$60,000,) I handed entirely to Mr. Irwin." He also says that he received that amount from Mr. Stockwell or Mr. Bellows.—A. It was both \$50,000 and \$60,000 that he received. I gave him a check for \$110,000 on the Manufacturers' and Merchants' Bank, drawn by Mr. Stockwell, individually, to take back to Mr. Stockwell and to get it broken up so that I could use \$50,000 in money. He brought me back another check of Mr. Stockwell's of the same tenor, except that it was for \$60,000 instead of \$110,000. In what shape he gave me the \$50,000 I do not know, but my impression is that it was \$30,000 in greenbacks and \$20,000 deposited to my credit in bank.

Q. This account with the American Exchange National Bank shows, in addition to the \$750,000, \$140,000 and \$10,000; do you know where you received that \$10,000?—A. I think that that was money which was in my hands, belonging to these people.

Q. The \$30,000 in greenbacks which you say Mr. Abert gave you did not go into your bank-account?—A. No, sir.

Q. Then, in addition to that \$890,000, you admit \$30,000 more?—A. I do not.

Q. What did you do with that \$30,000 which Mr. Abert paid you in greenbacks?—A. I have just said that if I had been called to testify before seeing my bank-account I should have stated that that money was received, \$30,000 in greenbacks, and \$20,000 deposited to my credit. I know that there was no money outside of that \$890,000; not a cent. But when I am called upon to identify the details, I cannot do so. It is just like the old case of the pair of boots. There was only \$890,000 in it.

Mr. BURCHARD. That is what we do not know.

The WITNESS. That is what I state most positively.

Mr. BURCHARD. You only know it from aggregating the details.

The WITNESS. That is all. I make it out from aggregating the details of all the testimony, because if I had received \$50,000 somebody would have trotted out that fact. I have not seen any disposition to keep back any of the amounts charged against me.

Mr. BURCHARD. Mr. Abert states that this \$60,000 was a check of the company.

The WITNESS. No, sir; it was a check of Mr. Stockwell's. Mr. Abert had forgotten every single particular of that transaction and every single particular of the \$100,000 which he gave me until I told him of it myself.

Q. I asked you a question on Monday in reference to Mr. Roach's connection with this subsidy, and I understood you to say that he was working for it. I am informed that he was not here at that time. Did you meet him at the time that this subsidy was pending?—A. The person who has been always known to me as John Roach was here a very large part of the time during the pendency of the subsidy. If there are two John Roach's, of course I may have met the wrong man.

Q. Where did you meet John Roach?—A. I met him at his office in New York, at the Morgan Iron-Works.

Q. Did you meet him here?—A. Yes; I met him here in the room of the Committee on Commerce of the House of Representatives, and in the room of the Post-Office Committee in the Senate, and in various other places. I was button-holed by him in various places.

Q. Was he working with you in connection with the subsidy?—A. He was working with me, but not under my orders.

By the CHAIRMAN:

Q. Mr. Abert in his testimony testifies, among other things, that he paid \$5,000 to Donn Piatt on your account?—A. Yes, sir.

Q. Have you had any interview with Mr. Piatt since the testimony of Mr. Abert, on that point?—A. I have.

Q. Have you and Mr. Piatt talked over the matter of that \$5,000?—A. Yes.

Q. Tell us all about that \$5,000.—A. I will tell you all that I recollect about that \$5,000. Just before I left Washington, and I think on the morning when I left Washington, which was on the 22d of May, after the bill had passed the House, but while the matter was still pending before a committee of conference, Mr. Piatt came to me and asked me if I would let him have some money. I said, "Yes." He said that he was in a good deal of trouble and would like to have \$5,000, and that he would pay it back to me as soon as he could. He offered me a note for the amount, but I said, "That is not necessary." I did not say any more about it, and I should never have thought anything more about it, except for this committee.

Q. State everything that transpired.—A. That is all that transpired. I said to Mr. Piatt, "I will send you the money from New York."

Q. Did he give you the note at that time?—A. I think he did. I have no recollection of his giving me the note, or of his not giving me the note, except that he showed it to me in this city canceled, with my signature on the back of it, and therefore I infer that he did give it to me, and that I did return it to him.

Q. When did he show it to you?—A. When I first came to Washington. Before Mr. Abert testified, Mr. Piatt came up to me and said, "Is Mr. Abert going to tell the names of the parties to whom he paid the money?" I said, "I expect he is." He said, "Then I am very sorry that my name is on that list." I said, "It is not on the list." He said, "Yes, it is." I said, "No, you are mistaken. It is not on the list." But he was very positive about it, and said that he recollected Mr. Abert's paying him the money. I was quite as positive that the name was not on Mr. Abert's list. He then told me about his having paid the money back again, and everything of that kind, and I recollected it. He brought me the note to look at, and when I saw the note I said, "That makes your case all straight." "Yes," said he, "except that it is one of those cases which it is hard to explain." I said, "Yes, your difficulty is, that it would be better for you to have a plausible lie than to have the truth, which nobody will want to believe."

Q. Tell us what else transpired?—A. That is all.

Q. When did you next hear about the matter after the 22d of May, 1872?—A. I have no recollection of hearing anything more about it.

Q. Until you came to Washington?—A. Yes.

Q. Then, of course, you did not get any pay for your note?—A. O, I beg your pardon.

Q. Then you got paid without hearing about it?—A. I understood your question to relate to a different point.

Q. I had the idea of your telling all about this thing; when did you next hear about this thing? The last you testified was that he got the money and gave you the note, and that you never heard of it again.—

A. The emphasis in my mind was on the word "heard;" if you had asked me when I next knew anything about it, I would have said when the note was paid.

Q. Tell all about it.—A. I cannot tell you anything more than that.

Q. You have not told us when the note was paid.—A. It was paid on the 22d of July.

Q. How?—A. I have not the slightest idea; I was in the country the whole of that summer, and I do not recollect anything that took place.

Q. Did anybody come to you to pay the note?—A. No, sir.

Q. Do you mean to say that you do not know how the note was paid?—A. I do not know how it was paid.

Q. Do you know how it was paid except from what appears on the back of the note?—A. I do not.

Q. Do you know who paid it?—A. Only from Mr. Piatt's statement.

Q. From his statement before the committee or to you?—A. From his statement before the committee, and from his statement to me also. They were precisely the same.

Q. Then you have no knowledge about how it was paid?—A. I have no knowledge.

Q. You must remember the person who paid it to you?—A. I would have done so if anybody had delivered the money to me in person, but my impression is that the money was deposited to my credit in New York; the nearest suggestion that I can make is that it was a portion of the \$5,800 deposited to my credit with Musgrave & Co.

Q. Have you anything to indicate that?—A. Nothing but the identity of dates. The credit for that \$5,800 in the Musgrave account is some time in July.

Q. I suppose you took the note with you when you went to California?—A. I did.

Q. Then I suppose that the money was deposited to your credit in New York, and that you signed the note afterward?—A. I suppose so.

Q. Have you any recollection of that fact?—A. I have not.

Q. Have you any correspondence that advises you of the fact?—A. I have not.

Q. Have you any recollection of any correspondence that advises you of the fact?—A. No, sir; I do not think I would have, because the letter would have been written by somebody else, and the note returned by somebody else, and therefore I would not have recollected it.

Q. Why would the letter have been written by somebody else?—A. Because almost all my private business letters were written by somebody else.

Q. In your name?—A. Yes; and therefore I would have no recollection, if such a letter had been written.

Q. Your letters are signed by you?—A. Sometimes they are and sometimes they are not. If I was in the city, it would be signed by me, and if I was in the country it would be signed by somebody else.

Q. If it had been signed by somebody else, do you not think there would have been some record, so that you should know what was being done in your name?—A. Yes.

Q. Have you ever been advised by anybody that in your name he has

had any dealings with either Mr. Piatt or anybody for him in regard to the liquidation of that note?—A. I never inquired into it.

The CHAIRMAN. It has been a matter of inquiry here.

The WITNESS. Yes.

The CHAIRMAN. It has been a matter about which Mr. Piatt has been put to his best recollection.

The WITNESS. Yes.

The CHAIRMAN. You had a conference with him after that; could not Mr. Piatt and you together refresh your memories so as to give us the slightest idea about this thing?

The WITNESS. Do you not think you have got to the bottom of this case now?

The CHAIRMAN. I wish I knew whether I had or not. I can tell better when I get your answers to my questions. You and Mr. Piatt have had a conference since you came here. He tried to tell us how the money was paid but he could not, and now I ask you to try to tell us, and you say that you are not able. The next question I ask you is whether Mr. Piatt and you in that conference were not able to call to each other's mind any circumstance connected with the payment of that note.

The WITNESS. I think we have told several circumstances.

The CHAIRMAN. I mean any other circumstance.

The WITNESS. Mr. Piatt says that Mr. Neeley Thompson paid the note for him.

Q. Did he recall your mind to anything in connection with the payment?—A. There was nothing for my mind to be recalled to in connection with it.

Q. Your mind was entirely blank in the matter?—A. My mind was entirely blank.

The CHAIRMAN. Repeat every circumstance that you have already stated to the committee in reference to the payment of that note.

The WITNESS. I do not think that this is very fair treatment of me. I do not think that this thing has anything to do with the subject-matter of the inquiry. I think it has been pursued entirely beyond the subject-matter of the inquiry, and solely for the purpose of annoying me.

The CHAIRMAN. The committee, of course, will control the questions which I put.

The WITNESS. I do not recollect anything about it, except what I have said.

Q. After having had a conference with Mr. Piatt over the manner in which that note was paid, can you not state to us any point on which you now have the slightest recollection in reference to the manner in which it was paid?—A. I have no recollection of the manner in which that note was paid, and no indication that it ever was paid except the sight of the note itself, and I have no suggestion to make in regard to it except I find that I was credited by Musgrave & Co. with \$5,800 about that time.

Q. Have you any knowledge in reference to the source of that credit by Musgrave & Co.?—A. I have no other knowledge except that it is there.

Q. Are there any data in that bank which would aid you in determining the source of that credit?—A. I do not think there are.

Q. Have you any such data in your possession?—A. I have not. That money may have come from anybody, so far as I know. I know that it did not come from me; that is all I do know about it.

Q. Have you any acquaintance with Mr. Neeley Thompson?—A. I know him very well, indeed.

Q. Did you have any dealings with him about July, 1872?—A. I have had small dealings with him at different times; I do not recollect exactly when, and nothing in connection with anything in Washington.

Q. It was in reference to your private affairs outside?—A. Yes.

Q. Then you say to us that you are unable to throw any light yourself on the manner in which that note was paid, if it was paid?—A. Unless it was paid in that Musgrave & Co.'s account. Somebody may have sent me the money in greenbacks by express or mail, or any other way, for all that I know. I was in the country the whole of that summer, and my business was being attended to by my clerks, who never bothered me with anything unnecessarily.

Q. You were not at San Francisco?—A. I was not at San Francisco; I was down on a milk-ranch. I was trying to get well, and therefore my clerks did not bother me with anything that was not of importance. One or two gentlemen in San Francisco attended to my private business almost exclusively, and if they had received that money for me in any shape whatever they would have gone to my papers, taken out that note and sent it to Mr. Piatt without consulting me about it at all. They may have let me know about it afterward, or they may have forgotten to do so.

Q. Had Mr. Piatt said anything to you about the loan of \$5,000 before the passage of the subsidy in the House?—A. I think not.

Q. Is that the first loan to him?—A. No, I loaned him, I think, \$800 once before; I had forgotten all about it.

Q. How long before this?—A. It was some time about March or April of the same year.

Q. How was that loan paid back to you?—A. It was paid to me by Mr. Piatt's check on the National Metropolitan Bank. I only identify it by seeing the check.

Q. If the payment of this \$5,000 note was attended to by your clerks in San Francisco, would it be entered on your account in San Francisco and in New York on the same day?—A. No, sir.

Q. Do you find any entry on your account in San Francisco that corresponds with the payment of that note?—A. I have never looked.

Q. Has the conference between you and Mr. Piatt, in reference to the mode of payment, excited no curiosity in you to trace it?—A. It has not, because I thought that the thing was settled.

By Mr. KELLEY:

Q. The money which you put into Mr. Abert's hands was the money of the Pacific Mail Steamship Company, was it not?—A. It had been.

Q. When did it cease to be?—A. When the company paid it to me.

Q. It was then yours?—A. Yes.

Q. Applicable to the purposes of the company?—A. Applicable to any purpose to which I chose to put it.

Q. You mean the whole of the \$750,000?—A. Yes.

Q. It became your money absolutely?—A. Those are questions of law, and not of fact.

Q. You had ceased to be the agent of the company?—A. So far as that money was concerned, I had. I never was the agent so far as any money in Washington was concerned.

Q. Whose agent were you?—A. Not anybody's agent.

Q. Why, then, did you have to account to anybody?—A. I did not have to account to anybody.

Q. Why did you have to obey the instructions of Mr. Stockwell?—A. Because I had agreed to do so.

Q. To what extent had you agreed to obey his instructions as to this money?—A. I said in my testimony that I was to employ any one whom he directed me to employ.

Q. Even though it had absorbed the whole fund?—A. The whole amount of funds was not fixed until after all the persons had been employed.

Q. Then this was your money, subject to the orders of another party as to how it should be appropriated?—A. The orders of the other party were given to me before the amount was fixed.

Q. Was it to be used for the Pacific Mail Steamship Company?—A. It was to be used certainly for a matter in which the Pacific Mail Steamship Company was interested.

Q. Would the refunding of part of that money to you personally be a refunding, or a payment back, to the company?—A. It would not.

By Mr. ROBERTS :

Q. Did you indorse the note which Mr. Piatt gave to you?—A. I did.

Q. At what time?—A. I do not recollect; I take it for granted that it was at the date named, because I am not in the habit of putting down false dates.

Q. It is indorsed, "Paid July 22, 1872." Is that line above the signature in your handwriting?—A. Yes, it is, and the signature also, and the figures in the corner.

Q. The figures in the corner are the calculation of the interest for two months?—A. Yes.

Q. That would indicate that the calculation was made at the time that the payment was made?—A. Yes.

Q. At what time did you write the line "Paid July 22, 1872"?—A. I take it for granted I wrote it on the day of its date.

Q. That would indicate that you were personally cognizant of the payment?—A. It would indicate that I knew it, either from having received the money myself, or from having been told by some one that it was paid.

Q. You say that it was written at that time?—A. Yes.

Q. Does it not recall to your mind in any way the payment of the note, as it would indicate that the payment was made to you personally?—

A. The committee knows exactly as much about it as I do. It indicates to me that that is my signature, and I have not the slightest idea that I would have put it on the note if the note had not been paid; but it does not recall the manner of the payment in the least.

Q. I ask you also to bear in mind that this calculation of two months' interest is in your figures.—A. Yes.

Q. Then that connects the transaction with you at that time?—A. Yes.

Q. Showing that the actual payment was made to you?—A. I beg your pardon; that is an inference which I cannot draw. These figures are scratched out, and that shows that I did not know whether the interest was paid or was not paid. Now, if Mr. Smithberger, or any other clerk of mine, had come to tell me that this note was paid, and had asked me to sign it, I would have signed it without knowing anything about it. You must recollect that this is one of, perhaps, two hundred signatures that I may have been called upon to make on that day, and I might as well be asked to identify the circumstances of every one of

those signatures for twelve months in the year, and asked to explain all about them.

Q. This is your handwriting, and was made by you on the date that is here stated; do you say so?—A. I think I have said that about seven times.

Q. Then, at this date of July 22, 1872, this note was in your possession?—A. I really do not know whether it was or not.

Q. You say (as you have just said for the seventh time) that on that day you made this calculation of interest?—A. I have no doubt I did.

Q. Then the note must have been in your possession at that time?—A. It must have been under my hand at the moment I wrote that, but whether it was so a moment before or a moment afterward I cannot say. As it is a very important point, I would like to give you the names of my clerks.

Mr. ROBERTS. We have now the gentleman who at that particular instant had the note in his hands, and I would like to ask him what knowledge he has further about this note.

The WITNESS. I do not know anything more about it; I am sorry I ever saw it.

Q. Was this note in your possession in the country or in San Francisco?—A. I came up from San Francisco about once a week, and staid in the city half a day, and transacted all the business that was to be transacted at that time. That business was the accumulation of a week, and this may have been a part of it. Very likely it was. They could not have sent such a note to me in the country.

Q. I ask you whether or not you can give us any more information now than this record shows, that the note was actually paid at that date if it was paid?—A. I did not keep my own accounts; they were kept for me by my clerks. You had better let me give you their names. It will not cost over \$10,000 to hunt up this case.

The CHAIRMAN. It is no part of your examination as a witness to inform us anything about the expenses of the examination.

The WITNESS. I have stated everything that I know about this note.

The CHAIRMAN. You will please to keep within the line of your duties as a witness.

Mr. ROBERTS. It is only by producing this note and by calling your attention to the manuscript that I bring to your attention that you personally made the record on the note at the date of this payment. Now, I ask you, with that note before you, and with the fact that you were cognizant, at the time, of its payment, to give us any other information that you may have on the subject.—A. I doubt very much if I ever had any personal knowledge of the payment of the note, and I certainly cannot recollect anything more about it than I have stated.

Q. This record was made by yourself, showing that the note was paid on July 22, 1872. Can you state on what information you made that record on the back of the note?—A. I cannot.

Q. You cannot state whether the payment was made in San Francisco or in New York?—A. I cannot.

Q. The deposit, to which you refer, with Musgrave & Co., was on the 22d of July, 1872?—A. I believe so.

Q. This entry on the note was made, you state, by you on the same day in San Francisco?—A. I beg your pardon; I do not recollect whether it was or not. It was made by me on some day, and it was probably made by me to correspond with the date of the payment, whenever that was.

Mr. ROBERTS. My question referred to the date of your making the entry.

The WITNESS. I know; but my answer referred to the date of the payment, not to the date when I wrote the entry.

Q. Then you cannot state to us whether this entry was made on the date that it states?—A. It was made on the date of the payment; if the payment was made in San Francisco the entry was made on that date, but if the payment was made in New York, the entry was made to correspond with that date. I have not the slightest idea which it was.

Q. If the payment was made in New York, this record could not have been made on this date in San Francisco?—A. No, sir; it could not.

By Mr. BECK:

Q. I want to get at just the facts in the case, so that we can understand it. You say that you did not pay Mr. Donn Piatt any money to aid in carrying the subsidy, but that you loaned him \$5,000 at his request?—A. Yes.

Q. And he gave you this note?—A. Yes.

Q. And you indorsed on the back of it the payment of the note to correspond with the date of the payment?—A. Yes.

Q. And that is your genuine signature?—A. Yes.

Q. The note was not fixed up to hide anything with Mr. Piatt?—A. No, sir.

Q. It was not fixed up for any subsequent purpose?—A. No, sir; it was not fixed up for any purpose whatever, except to be an evidence of the payment of the note.

Q. Which was originally a loan to that amount?—A. Yes; and I should not have cared if he had never paid it.

By the CHAIRMAN:

Q. Did you meet Mr. Piatt in Europe?—A. I did not. I never met him at any place but in Washington and in New York and in the Army.

Q. In giving the amount which you retained for your own purposes, did you include this \$5,000?—A. I did.

Q. In making out your account here, is this sum of \$5,000 charged against it?—A. It is not charged against it.

Q. Have you rendered any account of this \$5,000 to the company?—A. I never rendered any account to the company of any of the funds embraced in this expenditure, and the company never asked it.

By Mr. KASSON:

Q. On page 2 of the memorandum of accounts which you have submitted this morning, you speak of something in the nature of an account against the \$890,000, consisting of two items. One is, Stockwell returned to the company (see Roundey's testimony) \$90,000, and Lockwood check of \$200,000, making \$290,000.—A. Yes.

Q. Were you aware that this Lockwood check was simply in return for a check of \$200,000 which Stockwell had drawn on the company independent of the \$750,000?—A. I was not.

Mr. KASSON. It is before us in testimony that this was an exchange of checks all the way through.

The WITNESS. I understand that; but in that exchange of checks \$200,000 of the amount given us was wiped off. I did not want to show anything but the manner in which that had been done.

Mr. KASSON. You spoke of it simply as a matter of book-keeping?

The WITNESS. Yes; except that I see that \$90,000 was actually returned by Mr. Stockwell, as appears by Mr. Roundey's testimony.

Mr. KASSON. I thought you undertook to say that that was a return of Mr. Stockwell's private account.

The WITNESS. It is only an explanation of these entries.

Mr. KASSON. So that, in point of fact, the \$200,000 is not included in the \$890,000 drawn by the company and disbursed by you?

The WITNESS. I am only showing the way in which the entries are made, that is all.

Mr. KASSON. Now, as Mr. Roach is not here, and as we are informed by telegraph that his recollection and yours are widely different, I desire to ask a few questions in order to get a little further information from you. Can you state how many times Mr. Roach was here during the pendency of the subsidy in Congress?—A. I met him three or four times, I am certain; but I am not positive how long he staid here, or how long he was here.

Q. Do you know how long he staid in the city?—A. I do not know.

Q. Can you name any Senator or Member with whom he talked touching the subsidy?—A. I can.

Q. Be good enough to name them.—A. Mr. Samuel Shellabarger was one member with whom he talked very frequently in connection with the general question of commerce, which Mr. Roach was more especially looking after. His statement on that point is quite correct.

Q. Do you think of any other Member or Senator that he talked to?—A. I can recollect the names of citizens with whom he talked personally. That is only important as identifying the fact of his being here. I am under the impression that I saw him speaking with Senator Ramsey, but I would not like to say so positively; he was certainly in the Post-Office Committee-room at one time, and was also certainly in the room of the Committee on Commerce. We had frequent conferences while he was here in regard to these matters.

Q. Was he advocating the subsidy before this committee?—A. I would not like to state positively that he was advocating this particular subsidy.

Q. Did Mr. Stockwell tell you that he had any agreement with Mr. Roach?—A. He told me that Mr. Roach would do everything he could to get the subsidy through. I asked him if he had an understanding with Mr. Roach, and he said that Mr. Roach was to build the ships if we got the subsidy.

Q. That information came to you from Mr. Stockwell?—A. Yes; and he referred me to Mr. Roach for any assistance that I might want.

Q. Have you had any trouble or dissension with Mr. Roach?—A. Not the slightest.

Q. You have not indicated any hostility to him, by threats or otherwise, to your recollection?—A. I do not believe that I ever uttered a threat against anybody. I certainly did not against Mr. Roach. I think it was very remarkable and not very pleasant that he said what he did say last winter about me, but I understand the way in which he came to say it, and I have no hostility against him whatever.

Q. Did you ever ask Mr. Roach to do anything in reference to this subsidy measure?—A. No, sir; I thought he was doing everything he could.

Q. Did Mr. Stockwell ever report to you what Mr. Roach had done to get the subsidy passed?—A. The only thing which Mr. Stockwell mentioned to me was Mr. Roach's numerous statements to Mr. Shellabarger and others.

Q. When the bill was first introduced, did it not leave the point open so as to allow the building of the engines or of the hulls of the steamers on the Clyde, for example?—A. No, sir, it provided for American-built ships. There was nothing said especially about it in the first bill, except that the bill referred to the act of the 17th of February, 1865, which did require that the ships should be American-built.

Q. Then there was nothing in that first bill except by reference?—A. Nothing *in totidem verbis*, but it was a re-enactment of the law of the 17th of February, 1865. That act was specially re-enacted.

Q. By reference but not by detailed expression?—A. Yes.

Q. At that time was Mr. Stockwell having engines built on the Clyde?—A. He was.

Q. For three vessels that were being built in this country?—A. Yes.

Q. You were in favor of building the engines on the Clyde, if it could be done cheaper?—A. The question of building engines on the Clyde, as separate from building the hulls on the Clyde, never came squarely before my mind.

By Mr. BURCHARD:

Q. I will ask in that connection whether Mr. Stockwell claimed that Mr. Roach influenced Mr. Shellabarger's vote?—A. My impression is that Mr. Shellabarger was ultimately opposed to the subsidy.

Q. He voted against it?—A. I think he did, and he spoke against it.

By Mr. WOOD:

Q. Turn to page 97 of the evidence which you gave in December. You there put in evidence three letters from Mr. Stockwell, the first dated February 1, 1872, in which he refers to a letter of yours of a previous date to him. Have you a copy of that letter of yours?—A. I have not.

Q. Do you recollect its contents?—A. I do not.

Q. Do you recollect the nature of it?—I do not recollect anything about it.

Q. His letter is in reply to yours; will not his letter revive your recollection as to the tenor of yours?—A. The only revival of recollection that I can get from it is that I must have told him that I was sick.

Q. He says, "Yours of the 31st to hand," and then he goes on to refer to this question of the subsidy. You have no recollection at all as to the general nature and character of your letter to him?—A. I have not.

Q. What, in your judgment, was his meaning in the concluding sentence of this letter, in which he says, "The most important thing with me is success, and I want nothing left undone to secure it?"—A. I thought he meant just exactly that.

Q. Tell us what was your idea that that did mean.—A. It meant that he did not want anything left undone.

Mr. WOOD. That is no answer. You know very well that he meant something more, and I want to know what he did mean.

The WITNESS. I thought that that covered everything.

Q. Tell us in what "everything" is comprised.—A. The answer to that will be co-extensive with the universe.

Q. Then that included the corruption of members of Congress?—A. That is rather a hard answer against a man in Europe.

Mr. WOOD. I only want to know what construction you put upon that, and you have just told me that you put everything on it. Would it include the corrupting of members of Congress?—A. It certainly would. The language covers that or anything else.

Q. I wanted you to say just what you thought it meant.—A. I beg pardon; you asked me what it covered, and I said it covered everything, and now you say again that that is what I thought it meant. I did not think it meant that. What I thought it meant was that I should do everything that was proper.

Mr. WOOD. He italicizes these words in his letter, "I want nothing left undone." You had been employed for the purpose of obtaining the passage of the subsidy through Congress. These were the instructions of the president of the Pacific Mail Steamship Company to its agent here. He declares to you that he wants nothing left undone, and he italicizes that sentence so as to give it emphasis and importance. Now I want to know what you thought he did mean?

The WITNESS. I thought he meant that I was not to leave anything undone; that I was to spend just as much money as was necessary to get that bill through.

Q. And you proceeded on that supposition?—A. I did.

Q. Was there anything which you did leave undone to accomplish it?—A. O, yes.

Q. What was it?—A. It would be very tiresome to go on and answer as to everything that I left undone. I left undone the corruption of Congress, so far as I know anything about it.

Q. Could it have been done without your knowledge?—A. Certainly it could.

Q. Was not everybody who was employed by you to act under your direction?—A. Only to a certain extent.

Q. To what extent?—A. To the extent of doing what I told them to do.

Q. Did you expressly give your orders not to attempt to influence any member of Congress?—A. I did not.

Q. Nor to attempt to corrupt any member of Congress?—A. I did not. I did not think it necessary.

Q. Why did you not think it necessary?—A. The answer is suggested by the question.

Mr. WOOD. I want your answer.

The WITNESS. It was not a part of my programme to corrupt members of Congress.

Mr. WOOD. You wanted to spend that million of dollars legitimately and morally?

The WITNESS. I beg your pardon.

Mr. WOOD. You did spend a million of dollars here?

The WITNESS. I spent \$890,000.

Q. And that was to be spent legitimately and properly for the purpose of obtaining the passage of this subsidy?—A. I think it was.

Q. And you think it was so spent?—A. I have no impression on the subject, except what I get from the evidence. I do not see any evidence that any of it was spent otherwise, and I never heard that it was.

Q. What is your belief as to that?—A. Am I to go through the Nicene creed? I have no belief on the subject at all. The committee is quite as capable, and, indeed, more capable than I am of forming a belief on the question from the evidence.

Mr. WOOD. My question is this: what is your belief as to whether any portion of this money was or was not corruptly expended?—A. I have no belief on the subject. I have no evidence to form a belief on.

Mr. WOOD. I only want to get your opinion as to whether or not this sum of money or any portion of it was used by anybody for the purpose of influencing improperly a member or officer of either House?

The WITNESS. I have no sufficient basis of facts to form an opinion on. If you asked me whether I had such an opinion on the 25th of May, 1872, I should say that I had not that opinion; but if you ask me now, I say that I have no sufficient basis of fact to form an opinion upon. The committee has brought out a mass of testimony which was never in my possession, and has followed it, to a certain extent, and has not gone any farther. Here, for example, is this \$50,000, which appears to have been identified by Mr. Riggs's testimony. That fact was not within my knowledge, nor the fact that it was paid in Mr. Elmore's office to Mr. Smith. These were things that I knew nothing about. The committee has seen all the testimony and I have not, and if any suspicion arises in this matter at all, it arises from the testimony and not from anything within my knowledge.

Mr. WOOD. I do not ask you as to the testimony of other people, or as to your judgment arising from any testimony. I ask you have you any knowledge with reference to the distribution of the money which you yourself paid out?

The WITNESS. Within my own knowledge I know of nothing that would justify me in stating that any portion of the money was paid to any member of Congress, or that I had a suspicion to that effect.

Q. Then you say positively that through you, and with your knowledge or consent, not a dollar of this money was improperly expended?—A. I do.

Q. We are to understand that to be your answer?—A. Yes, sir.

Q. In a subsequent letter written to you by Mr. Stockwell, dated February 13, 1872, he says that he inclosed to your order checks for \$250,000—\$100,000, \$110,000, and \$40,000—which are placed in your hands to be used in payment for your services in case of the passage of the subsidy, &c. Then he says at the conclusion of this letter, "none of these checks to be used by you, but all to be returned to me in the event of failure, excepting only the last-named, (\$40,000,) all or any portion of which you may apply if actually required for your necessary expenses, and for counsel's fees." You were restricted to \$40,000 for those legitimate and proper purposes, but the \$210,000 was for some other purpose.—A. It was for the purpose expressed here, in payment of my services.

Q. Given to you individually?—A. Yes; to do what I pleased with it, just the same as any other money that is ever paid to anybody. It belonged to me absolutely on the passage of that bill.

Q. He reserves the \$40,000 for your own actual use, but the rest of the money was to be retained by you?—A. Yes; I was not to have the rest of it if the bill did not pass.

Q. The \$40,000 you were to have anyhow?—A. Yes.

Q. And you received the whole of that for yourself?—A. For myself and for my expenses, &c.

Q. And you did use all of that money, without returning any of it to Mr. Stockwell?—A. Yes.

Q. Did you never return to him the \$250,000?—A. I never returned a cent.

Q. In a subsequent letter he asks you to return it?—A. He asks me to send back his checks.

Q. Did you do so?—A. I did not.

Q. You kept all the money?—A. I did.

Q. And you accounted for it just as you have stated?—A. I did not account for it except to this committee; I never was asked to account for it to Mr. Stockwell or to the Pacific Mail Steamship Company.

Q. Now we are to understand that this large sum was given to you to dispose of as you pleased?—A. Yes.

Q. And \$40,000 for your own expenses?—A. Yes.

Q. You had a right to do what you pleased with it?—A. Exactly.

Q. You could have thrown it into the river?—A. Yes; if I had wanted to.

Q. You could have put it in your own pocket?—A. Certainly.

Q. You were never asked anything as to its disbursement or its disposition by Mr. Stockwell?—A. No, sir.

Q. You never told him or any director or officer of the Pacific Mail Steamship Company that you had expended this money, or what you had done with it?—A. No, sir.

Q. You were never called upon to render any account of it?—A. No, sir.

Q. No accounting was ever required of you?—A. No, sir.

Q. The company never made any application to you for the money?—A. Never; not up to this time.

Q. You were never questioned or called upon to state what you did with it?—A. Never.

Q. You consider that account closed altogether?—A. I do. The company brought a suit against me last September for an accounting, but it did so without asking me to pay the money back or to present an account of it, and in the face of my previous offer to explain the matter and account for the money.

Q. Then the company has required of you to make an accounting?—A. Yes. I put that in as an answer to your former question.

Q. When you said that the company had not done so, you had forgotten?—A. I had not forgotten. The company never demanded the money from me, and never demanded an account from me except by bringing this suit, and two days before the suit was brought the company had declined my offer to account for the money.

Q. My point was to ascertain from you what your relations with the company were in reference to this large sum, whether the company had ever called upon you for an accounting, and whether you had rendered any detailed statement as to your disbursements of it, and whether you considered yourself as accountable for it to the Pacific Mail Steamship Company in any way?—A. I did not, and there never was the slightest hint that I was accountable to the company for it for about two years.

Q. And your transactions were solely with Mr. Stockwell, personally, when he gave you this money?—A. Either personally or officially. That would be a matter of inference and of law.

Q. I am asking you what you understood to be his position?—A. I understood that he was the president of the Pacific Mail Steamship Company, and that he paid this money to me as the president of the Pacific Mail Steamship Company. That a portion of this money he paid to me himself out of his own pocket, I have no doubt; and that he intended to do so, I have no doubt. That was the portion which was paid in advance, and which would have been lost to him if the bill had not been passed.

Q. Was not Mr. Stockwell interested outside of the company in very large stock speculations?—A. I can only testify to that as a matter of notoriety. I know nothing about it.

Q. What do you believe?—A. My belief is that he was.

Q. Was he not largely interested in bulling the stock?—A. At that time my impression is that he was short of the stock.

Q. Then you think he wanted to get this subsidy through so as to enhance the market-value of the stock, and so as to decrease it?—A. It

is a difficult matter to testify to a state of facts that exists in the mind of another.

Q. What is your belief?—A. My belief is that at one moment Mr. Stockwell wanted the subsidy for the purpose of putting the stock up, and that having got it up he wanted it to come down; and my impression was that the stock would come down on the passage of the subsidy, and consequently I advised a great many people not to buy it.

Q. Had you any communication at that time with any other officers of the company with reference to the subsidy?—A. Yes.

Q. Were you advised that any officer of the company outside of Mr. Stockwell was personally cognizant of the payment of these large sums of money?—A. Two of them were; Mr. F. W. G. Bellows, the vice-president, and Mr. Theodore T. Johnson, the secretary. I do not think that Mr. Johnson knew of the first \$140,000, but Mr. Bellows did, because all the checks were drawn by him in his own handwriting, even Mr. Stockwell's personal checks.

Mr. WOOD. These two gentlemen held subsidiary positions to Mr. Stockwell, and dependent on his favor for those positions; but I mean by my question men who were directors in the company.

The WITNESS. It was a matter of notoriety in New York that the subsidy application was pending, and that money was being spent for that purpose.

Q. You mean rumor?—A. No; it was in Mr. Stockwell's testimony in the Challis suit. He was asked, on the 19th of March, as to whether he was spending money in Washington, and as to what Mr. Irwin was doing here, and he said, "That is best known to ourselves." The question was asked, I think, by Mr. Fullerton, counsel for Mr. Challis, and was objected to by Mr. Nelson, Mr. Stockwell's counsel; but Mr. Stockwell insisted upon answering the question and answered it in that way.

Q. That was one of the suits that were got up in antagonism to the company?—A. Yes; that is the suit which, Mr. Lockwood has testified, called his attention to the fact that money was being spent here. There is no doubt whatever that the attention of every director of the company was sufficiently called to the matter to enable him to know all about it, if it was not his intention to sit up nights and to go into the country on Sunday to avoid knowing it.

Q. I want to ascertain from you the fact whether any directors of the company, outside of Mr. Stockwell and Mr. Bellows, were cognizant of these large sums of money being expended here at that time?—A. It is impossible that the accounts of the company could be audited as they were audited, otherwise. The auditing committee consists of three members of the board, and the accounts are audited four times a year. When they came and audited the accounts in the following August, it was impossible for them not to know of those expenses, because they had the accounts before them, and counted cash and securities.

Mr. WOOD. That is inference. I want to know what you have reason to believe by facts, not by inference?

The WITNESS. I know that Mr. Henry Clews recommended Mr. Cheever and Mr. Shaw for employment here, and I take it for granted that he knew what he was recommending them to be employed for. I know also that Mr. Masterton received himself a check from Mr. Stockwell for \$40,000, and applied that check to the liquidation of this \$40,000 check of mine, which passed through the Manufacturers and Merchants' National Bank, and I know also that Mr. Masterton was Mr. Stockwell's adviser and friend all the way through that matter.

Q. But you had no personal conference with these gentlemen in re-

gard to the matter?—A. No; they would have gone ten miles into the country to get away from me.

Q. Why?—A. So as to be able to say that they knew nothing about it.

Q. How do you know that?—A. By the manner in which they acted then and since. They carefully avoided all knowledge of the subject.

Q. How do you know that they did?—A. I know that they did, because they could not have failed to know it unless they had done so.

Mr. WOOD. That is an inference; I want the fact.

The WITNESS. I am stating the inference as a fact. I have stated the names of two directors, and now I want to state the name of a third, Mr. James D. Smith; he was chairman of the executive committee at that time and I spoke to him on the subject.

Q. I understood you to say that you yourself had no communication with these gentlemen?—A. I did have communication with one of them, but I had forgotten it at the time.

Q. With whom, when, and where?—A. With Mr. James D. Smith, who was a member of the board of directors and chairman of the executive committee at that time. I had an interview with him in the office of Jamieson, Smith & Cotton, in the back office in Broad street, on the 25th or 27th of May, 1872. I do not recollect which.

Q. After the subsidy was passed?—A. Yes; and just before the money was paid. The bill had gone through the House, but it had not got the signature of the President at the time; it was before the company had acceded to it by sending in proposals. I told Mr. Smith then of a very disagreeable interview which I had had with Mr. Stockwell about the 23d of May, and I stated to him then sufficient facts to have enabled him to have gone and found out everything about the money, if he wanted to do so, either as member of the board of directors or as chairman of the executive committee.

Q. Please relate what facts you stated.—A. Yes. When I first went to New York I went to Mr. Stockwell's office; he told me that he did not intend to pay any of this money until he had an account of every cent of it, so as to know to whom it was going. I thereupon told him that I would not take the money on that condition; that I held to my contract, which was that the money was to be paid to me for my services, and not to be accounted for. Mr. Stockwell said that he would take time to consider. And I said, "I will give you exactly five minutes." I took out my watch, and gave him five minutes, and at the end of that time he said, "We will pay the money." Then I said, "Having decided to do that, I will give you two days more, and I recommend you not to pay the money," and then I went over the reasons for his not paying the money—because I thought the subsidy was not worth it. I did that for his own sake, and also for the sake of the company, and also for my own sake, because I wanted to get out of the thing. It was that interview which I related to Mr. Smith. I also related it to Mr. Bellows, the vice-president, about half an hour after it occurred. I told Mr. Smith all about it. He had called me into his office to ask me in reference to some private interests of his own in California.

Q. When you pulled out your watch and said that you would give Mr. Stockwell five minutes to decide, did you do so threateningly?—A. I did not; I did so because I was tired of the subject.

Q. You had promised to pay those sums here?—A. I had.

Q. Did you not want to keep your promises?—A. I did.

Q. Why did you recommend Mr. Stockwell not to pay the money?

A. Because I did not want it paid under any such circumstances as those.

Q. Under what circumstances?—A. That it was to be accounted for. I did not want to hand him in a list of all these names.

Q. Why did you object to that?—A. My objection to it was precisely the same objection as I had to giving the names to this committee.

Q. Why, if it was a legitimate transaction?—A. Simply because it was not our agreement.

Q. Was that the only reason?—A. It was not the only cause. No such money ever has been accounted for.

Q. What do you mean by that?—A. I mean that no money expended by any corporation or individual for the purpose of legislation has ever been accounted for before.

Q. Why should it not be?—A. I do not know, but it never has been, and it was the agreement in this case that it should not be accounted for. I held Mr. Stockwell to that agreement, and gave him five minutes to decide; but afterward I left him this other two days, and then two days after that, to consider the case, and I was very much in hopes that he would decide to adhere to his first position. If he had adhered to it, I should have adhered to mine, and I should not have been before this committee.

Q. And these men here never would have got their money?—A. Never.

Q. What would have been the result of that?—A. The result of that would have been that the Pacific Mail Steamship Company never would have got the subsidy.

Q. Was it dependent on the disbursement of this money after the bill had passed Congress?—A. I thought it was.

Q. Did that disbursement have any influence at the White House?—A. I think not.

Q. How then could it affect the subsidy?—A. One of these men could have had a resolution offered in the Senate or the House the next day of inquiry into the manner by which the subsidy was procured.

Q. How would that have affected the President's signature to the bill?—A. I do not think it would have affected the President's signature, but I think it would have affected the awarding of the contract by the Postmaster-General.

Q. Why do you think so?—A. He would have to be a very brave man to award the contract with the evidence before him that is now before this committee.

Q. That evidence was not in existence?—A. But it would have been in existence; and not only that, but it would have been still fresher, if the investigation had been made then; nobody would have forgotten anything about it. The men who did not get their money would certainly not forget it.

Q. Then you are obliged to assume that the subsidy was corruptly obtained?—A. If the evidence was before the Postmaster-General of the large payments of money which you yourself take for granted were corruptly expended, I think he would assume that they were corruptly expended.

Mr. WOOD. I take it for granted, because you will not explain them.

The WITNESS. I cannot explain them. How can I explain what Mr. Schumaker and Mr. King did with their money?

The CHAIRMAN. I want to call your attention to a single answer that you gave this morning. You said that you got the money on those checks which Mr. Stockwell had furnished you and which you referred

to in the letter to which Mr. Wood called your attention. Did you mean to say that you got the money on those checks?

The WITNESS. As to the checks for \$250,000—\$110,000, \$100,000 and \$40,000—I have already testified that I got the \$40,000, and that I got \$50,000 afterwards as part payment of the check for \$110,000, and got a new check for \$60,000, and that all the balance of those checks and the checks referred to in Mr. Stockwell's letters of the 4th of May were returned by me to Mr. Bellows on the 23d of May.

The CHAIRMAN. I did not so understand you this morning.

The WITNESS. I intended so to state.

The CHAIRMAN. I understood you to say that you had realized on those checks.

The WITNESS. No, sir; I want to say very distinctly that not one of those checks was ever cashed by me, except the \$40,000 check and the \$50,000 (if it was cashed) which was given in part payment of the \$110,000 check.

By Mr. FOSTER :

Q. Did you have an understanding, either in writing, verbally, or by signs, with your employes, or with the parties working for you in the procurement of the subsidy, that you were not to know anything which might be improperly done to influence the action of members of Congress?—A. I did not.

Q. Did you avoid all information of that kind?—A. I neither avoided it nor sought it; I thought that it was none of my business, after I paid them for their services, what they did with the money.

Q. Did you allow them to talk to you?—A. Yes; they said anything to me that they wanted to.

Adjourned.

WASHINGTON, D. C., *January 21, 1875.*

D. W. VOORHEES sworn and examined.

By Mr. NIBLACK :

Question. State your name and residence.—Answer. My name is D. W. Voorhees. I live at Terre Haute, Ind. I was a member of the Forty-second Congress.

Q. You are at liberty now to make any statement you desire in connection with this Pacific Mail subsidy.—A. I will simply say to the committee that on Monday evening I saw in the special dispatches of the Cincinnati Gazette, and, perhaps, one or two other papers, an intimation of the connection of my name with the passage of the Pacific Mail subsidy. I immediately telegraphed Mr. Beck and Mr. Niblack a telegram which has been read, I believe, in the committee and to the House, containing a request to be summoned here. I come, therefore, at my own solicitation, and I desire to say to the committee that there is not a circumstance nor a shadow of a circumstance out of which such an accusation could arise as against me, to my own knowledge. The Globe shows that I was mistaken by one day, when I telegraphed, in the date of my leave of absence. I telegraphed that I had a leave of absence on the 21st, but the record shows that I had a leave of absence on the 20th, one day earlier. I received that leave for the reason I was called home to defend Mrs. Clem in a very noted murder case, which occupied a great deal

of public attention in the West, and which was set for the 29th of May. I went home to have a week's preparation. No human being, directly or indirectly, orally or in writing, ever made an improper suggestion to me in connection with the Pacific Mail subsidy. It was one of those things that I knew perhaps as little about as almost any measure pending in Congress while I was here. I never read the bill, and have not to this day. I did not know its place on the calendar when I took a leave of absence. I did not know it was likely to come up, or anything about it; and as to my having a \$1,000 bill, I had nothing of the kind. I do not, to my recollection, remember of having a \$1,000 bill in a single bill of my own or of anybody else in my possession in the last five years. My attention was called confidentially to a rumor that certain members of Congress had had \$1,000 bills here by my colleague at that time, who was Mr. Kerr. Mr. Beck also participated somewhat in the conversation. I said to them that the only \$1,000 that I knew anything about during that session of Congress outside of my salary was the \$1,000 fee that I went home and worked one solid month for in the defense of Mrs. Clem, \$500 of which was paid to me when I got to Indianapolis, at Mr. English's bank, which was the First National Bank, and \$500 which was paid after the trial was over. I don't think I had \$50 when I left here; I made no deposit with the Sergeant-at-Arms, and his books show that I made none. I got no change for any \$1,000 bill; nobody ever approached me improperly in regard to the Pacific Mail subsidy, and I can scarcely remember whether anybody ever spoke to me on the subject, although possibly they did. An intimation or an accusation more utterly groundless was never made against anybody in the world, and if there is anybody who pretends to believe, or thinks, that they have ever paid me any money, on this subject or any other, improperly, connected with my services in Congress, I beg them to come forward and tell it.

WASHINGTON, D. C., *January 21, 1875.*

BOYD WINCHESTER sworn and examined.

To Mr. BECK:

I live in Louisville, Ky., and was a member of the last Congress.

Question. You have heard the article from the National Republican, which I caused to be read while Mr. Schumaker was upon the stand? State, first, upon that subject, if there is any truth, or shadow of proof, in any intimation of that sort.—Answer. I will state to the committee that this intimation, as well as any other connected with this subsidy, so far as I am concerned, is utterly wanton, and utterly baseless. I received a dispatch from Mr. Beck yesterday morning in reference to this matter, which I answered, saying that I had supposed the Congressional Globe, showing my vote upon this bill, and also a previous statement, which I had made to the committee in the Forty-second Congress, would be sufficient; but I subsequently received a subpoena from the Sergeant-at-Arms, and came on. As I say, I appeared before this committee in the Forty-second Congress in consequence of a list furnished by the book-keeper in the room of the Sergeant-at-Arms, and made a statement which the committee assured me was perfectly satisfactory, and I understood then that the whole matter would be expunged. I admitted then that I had a deposit there. I am informed by Mr. Ordway, how-

ever, that I made no deposit in May or June. I did, in leaving, take a draft which rather exceeded my pay as member of Congress, and I made a confession which probably, to some gentlemen, was as bad as a confession of the offense charged. But rather than have any gentleman on this committee (a great many of whom are strangers to me) have any doubt as to where that money came from, I preferred to make an acknowledgment, which I did make, and do it again by saying that I had been sporting a little during that Congress, and that I had deposited money with the Sergeant-at-Arms from time to time, keeping no particular record of the amount. If there was any reason at all for Mr. Dillon to predicate this matter upon me, it must have been in consequence of that.

Q. You mean that you had been playing cards?—A. Yes, sir. The Congressional Globe will show not only that I voted against this bill, but against every other subsidy, money or land, during my whole four years' service in Congress.

Q. Do you remember anything about any particular \$1,000 bill?—A. O, no; I think that is all untrue. I do not think I ever deposited a \$1,000 bill. As I said to the committee before, I would not swear that I did not. I remember depositing \$500 bills. I do not think, however, that I was so fortunate as to get a \$1,000 bill at one time, but still I would not say that I did not. I was willing to give Mr. Dillon the benefit of the doubt. Probably the account will show whether any amount was as large as that. I do not remember, and I have not examined it.

Q. I want you to make your statement full and emphatic in regard to your alleged connection with that bill, whether you were in favor of it or opposed it. I observe by the yeas and nays that you voted against it.—A. I voted against it in every shape and form that it came before the House. I remember distinctly the day the bill was voted upon, and this is one thing that impresses it on my mind: I had a classmate, whom I had not seen for several years, who was visiting here, and insisted upon my going to dinner with him that day, which I refused to do on account of my unwillingness to be absent.

Q. Sometimes insinuations are made about men, that they play cards with people, and that they are allowed to win money to influence them. Was there anything of that sort in your case?—A. Not that I know of. They were members of Congress, all of them, with whom I played.

Q. So that there was nothing by any sort of inference of that kind?—A. No, sir; I don't care about giving gentlemen's names, of course, in that connection, with whom I played, nor care about having my own given; for I want it understood that I have reformed now. I think it a great outrage that any man's name should be connected with a matter of this sort, when the proof is at hand to establish conclusively that any intimation of that sort was unfounded. A lie travels very rapidly.

Q. Do I understand that no one even approached you on the subject?—A. I never was approached in any shape or form. I do not know of anybody being approached or receiving any consideration. I do not know that I ever had the matter even mentioned to me, because I was so outspoken in my opposition to anything of the kind. I voted against bills unhesitatingly where my own friends were interested in matters of that kind; in which Kentucky people were interested, and in which Mr. Beck will remember that the citizens of my town were largely interested. I voted against the Bayfield bill, and I think I will be found on the record as having voted against everything of that kind solidly and without any exception.

WASHINGTON, D. C., *January 30, 1875.*

JAMES D. SMITH recalled.

The CHAIRMAN. If you heard Mr. Irwin's testimony before the committee last Wednesday, I wish you to state whether that part of it referring to yourself is correct?

The WITNESS. I was introduced to Mr. Irwin, at the Pacific Mail Steamship Company's office, in the year 1872. I asked him when he was passing my office some time to come in, as I wished to ask him about some matters of interest to me in California which he might know about. He came in within a few days; he did not state to me that he had had a disagreeable interview with Mr. Stockwell, and he did not state to me any facts regarding money. Neither of those subjects was alluded to. I never saw or spoke to him, except on these occasions, and never exchanged a word with him upon the subject of his business at Washington, or as to any expenditure of money. I never knew that any money was spent in Washington or elsewhere by his agency until months after, when it came out as a street rumor, and it was then an entire surprise to me. I never knew or heard from any source, until he gave his evidence before this committee, that he had any difficulty or disagreement with Mr. Stockwell.

By Mr. WOOD:

Question. Were you an officer of the Pacific Mail Steamship Company in 1872? Were you one of the board of directors?—Answer. I was.

Q. Were you a member of the executive committee?—A. I was.

Q. Then you were in a position to be informed of every matter of great interest to the company?—A. Yes.

Q. You would be likely to be informed of anything of importance that occurred?—A. Yes; of anything that was reported to the board of directors.

Q. Can you state whether there was any action of the board of directors or of the executive committee during the year 1872, that refers to the disbursement of any money by Mr. Stockwell, representing the company in Washington, for the purpose of procuring this subsidy during the year 1872?—A. There was a resolution passed by the executive committee authorizing Mr. Stockwell to spend money for legitimate and necessary expenses in regard to the mail contract that was pending before Congress. That was in the month of February, 1872.

Q. Did you ever have any conversation with Mr. Irwin on that subject?—A. No, sir; never a syllable.

Q. Did you ever have any conversation, outside of the proceeding that was referred to in the board, with Mr. Stockwell?—A. I ought to state in the first place that when this resolution was offered, I said to Mr. Stockwell, "You cannot spend outside of \$5,000 without being authorized." He said that this thing might amount to \$5,000 or \$6,000, or perhaps \$10,000, but that was the outside. Mr. Stockwell stated that to me at the time the resolution passed, and he repeated it a week or two later.

Q. As late as the month of March?—A. No, sir; in the same month of February.

Q. Were you not aware that he had drawn \$750,000 belonging to the company?—A. I was never aware of it.

Q. And yet you were a member of the executive committee?—A. Yes, sir. I did not know it, nor was it ever reported to the executive committee, or to the board of directors, to my knowledge.

Q. How long did you remain a director?—A. I was elected in November, 1871, and I have been a director ever since, and am still a director.

Q. Then I understand from you that this large disbursement was made without the knowledge or consent of the executive committee or of the board of directors?—A. Entirely.

Q. And that the statement of Mr. Stockwell originally was that the amount was not to exceed \$10,000?—A. It was not to exceed \$10,000. He said that it might be \$5,000 or \$6,000, or perhaps \$10,000.

Q. And that was for the ordinary expenses of presenting the case to Congress?—A. Yes; for preparing bills, making out statements, and for such hotel-expenses as an agent would be at here.

By Mr. ROBERTS:

Q. Did Mr. Irwin have an interview with you such as he referred to in his evidence the other day? Do you recollect any such interview?—

A. I recollect an interview. I have stated that I had an interview with him.

Q. At the time that he indicates?—A. It was about that time.

Q. Did he indicate to you in that conversation where you might find any information bearing on the appropriation or use of money?—

A. He did not; and all that he said in his testimony which I have read regarding the watch and regarding any allusions or facts relating to money is an entire fabrication. There is not one word of truth in it.

Q. The particular point which I wish to direct your attention to is this, whether or not he indicated to you where information could be had on that question?—A. He did not.

By Mr. BECK:

Q. I want to understand, if I can, what the duties of that executive committee are?—A. To look after the general interests of the company in the absence of the board of directors.

Q. Are not the statements of the expenditures of the company laid before that committee periodically?—A. The auditing committee is obliged to examine all the accounts, moneys, &c., once in three months, and to report to the board of directors a general statement as to the business of the company, the movements of steamers, the times they leave, the amount of freight, &c. This is always reported to the executive committee, but not a general statement of general matters. That is brought before the board of directors.

Q. Would it not be your duty, as a member of the executive committee, to know everything that appeared on the books of the company?—A. No, sir.

Q. Whose duty was it to ascertain what the books of the company showed in relation to its financial affairs?—A. The president and treasurer have the entire control of all the moneys, &c., according to the by-laws of the company.

Q. But they make an exhibit of what they are doing to certain parties, do they not?—A. Yes; to the auditing committee.

Q. And does that auditing committee examine once in three months?—A. Yes.

Q. Does that auditing committee report to the executive committee?—A. Not to the executive committee, but to the board of directors.

Q. You were a member of the board of directors as well?—A. Yes.

Q. Then you would know as a member of the board of directors?—A. Yes.

Q. You have seen the books of the company since then?—A. No; I have never had anything to do with the books of the company.

Q. Have you never seen them since this investigation began?—A. No, sir.

Q. Had you never curiosity enough to look at them in order to ascertain the truth of the charges?—A. I have not. I have depended on what has been reported by the people who have charge of the books.

Q. Do you know of anybody connected with the board of directors, either a member of the executive committee, or of the auditing committee, or generally, who has had curiosity enough to keep posted about the books of the company?—A. I do not. I think that that was left to the executive officers of the company.

Q. And that has been the custom?—A. Yes.

Q. Therefore, when you passed that resolution in February you did not even take the precaution to limit the amount?—A. We did not limit it in the resolution, but we did by action before the board.

Q. By talk?—A. By talk.

Q. You say that you did not look at the books, and that you are not able to tell us what the books showed?—A. I am not.

Q. You left it under absolute control of the president?—A. Yes, sir.

Q. He might have spent just as much as he pleased, so far as written authority was concerned?—A. Up to the amount stated.

Q. There was no amount stated?—A. He was authorized to spend what was legitimate and necessary, according to that resolution, and it was stated not to be over that amount.

Q. It was not so stated in the resolution?—A. No, sir; but the resolution was supposed to be very carefully guarded.

Q. In what way?—A. By limiting the expenditure to what was legitimate and absolutely necessary.

Q. Is that the language of the resolution, "absolutely necessary?"—A. I do not know whether the word "absolutely" is in it.

Q. The company having such an immense amount of business, you have absolutely left all of it under the control of one man?—A. Corporations are generally managed by the president; the board only meets once a month, according to the by-laws of the company.

Q. The only way in which the board, under the constitution and by-laws, could bind itself was by written resolution; is not that the fact?—A. I do not know.

Q. Do you think that any outside talk putting limitation on the amount of expenditures, and which was not in writing, would affect persons dealing with the company?—A. I think it ought to affect the president certainly.

Q. Here is the resolution, on page 68 of the testimony: "*Resolved*, That the president, in his discretion, is hereby authorized to employ counsel and incur such other necessary expense as may be necessary in connection with the measures for additional subsidy now pending before Congress." There is no such word as "absolutely" there. I suppose that that resolution, if it was shown to any person doing business with the president, would have authorized him to think that whatever he, in his discretion, thought it necessary to do might be done.—A. I do not think that anybody could construe that resolution as meaning that the president of the company was authorized to spend any money, except such as was necessary in the legitimate prosecution of this business before Congress. It is guarded by saying "such other necessary expense as may be necessary." I am sure that the president of the company never did so consider it.

Q. Was there no other resolution in writing which anybody else could see except that, so far as you know?—A. Not to my knowledge.

Q. And whatever limitation as to amount was on it was mere verbal talk?—A. It was talk.

Q. Which nobody knew anything about except yourselves?—A. Yes, sir; every member of the executive committee who was present knew it, and the secretary of the company knew it.

Q. But outside men and outside agents had no information about it?—A. None that I know.

Q. It stood, therefore, in the discretion of Mr. Stockwell?—A. Yes; to spend what amount was necessary for legitimate expenses in procuring this contract.

Q. Would you not be very much astonished if you were to ascertain from the books of the company that, during all the months from February until May, they contained entries showing that very large sums of money had been transferred to Mr. Irwin, as agent of the company here?—A. I heard of it since, and I was very much astonished when I did hear of it. I read Mr. Roundy's testimony on that subject, in which he said that he was rather instructed to conceal it.

Q. Any auditing committee that had done its duty and looked at the books would have seen and known whatever appears on the books?—A. We did not look on the books.

Q. Why?—A. Because the statement of the president and of the treasurer was put before us, showing the status of the concern. We did not have the books brought in, but took the statements submitted by the executive officers of the company.

Mr. BECK. That is just what seems to me to be so palpable a failure on the part of the auditing committee to do its duty.

The WITNESS. That is the usual custom.

Q. Is not the auditing committee appointed for the very purpose of being a check upon those executive officers?—A. I should think it should be.

Q. And instead of taking their own statements, ought not the auditing committee to have looked into the facts as they appeared on the books, and verified the statements of the officers by the books, and is not that the very object for the existence of such a committee?—A. There was a large amount of money spent at that time chargeable to various accounts. There was being a good deal of money spent on ships and on coal, and for other purposes, and it might be in any of these accounts that were presented. Eldridge and Irwin were the California agents of the company at that time. Mr. Irwin was never appointed an agent here by the board of directors, to my knowledge.

Mr. BECK. But he was appointed by Mr. Stockwell under the general authority given to Mr. Stockwell by this resolution?

The WITNESS. That may have been; but Mr. Irwin was never regarded by the board of directors as having any business for the company except as its agent in San Francisco.

Mr. BECK. Still you gave Mr. Stockwell authority to employ whom he pleased?

The WITNESS. Not according to the resolution. The resolution speaks for itself. I do not think that we gave him authority to employ anybody. He might employ counsel, and that would naturally mean a lawyer.

Mr. BECK, [reading.] "That the president, in his discretion, is hereby authorized to employ counsel and incur such other necessary expense as may be necessary in connection with the measures for additional subsidy now pending before Congress." All the New York testimony indicates that in the management of the company everything was trusted

to executive officers, and that neither the auditing committee nor the executive committee nor the board of directors ever seemed to have knowledge of the true condition of their own books.

The WITNESS. You had that auditing committee before you in New York.

Mr. BECK. Yes, and they were as ignorant and oblivious a set of men as I ever saw.

The WITNESS, [to Mr. Beck.] Do you think, according to the construction of that resolution, that if you had been Mr. Stockwell you would have been authorized to spend \$750,000 of the funds of the company and never reported to the board?

Mr. BECK. I do not think that that resolution would have authorized anybody to do any such thing.

The WITNESS. That is just what I think.

Mr. BECK. But still you gave him that sort of unlimited authority, and when he did exercise it nobody seemed to have any check over him.

The WITNESS. Mr. Stockwell was a very large owner of the stock. He went into the concern owning 115,000 shares of stock, and he felt that he rather owned the concern.

Mr. BECK. It never entered my brain that any such sum could be spent.

The WITNESS. Neither did it enter my brain, or that of any other director that I have spoken to about it. If I had known that any such amount was being spent, I should either have gone into the subject or resigned at once.

By Mr. KASSON:

Q. I understand you to say that under this resolution which has been read to you, and so far as you know, the other members of the executive committee had no idea that more money was to be spent than \$8,000 or \$10,000 at the outside?—A. That was my idea. I never dreamed of anything more than that.

Q. And, so far as you know, that was the understanding of all the executive committee, and of the board of directors, outside of the president and vice-president?—A. That was the understanding. I talked with Mr. Kingsland yesterday, who was a member of the auditing committee, and he said that it was so considered at the time, and that he was never more surprised in his life than at finding the amount of money that had been spent.

Q. And you regarded this discretion—referred to in the resolution—as merely giving the president the opportunity to employ counsel or not to employ counsel, and to incur necessary expense or not to incur necessary expense, just as he pleased?—A. Yes, sir; I think that would be a fair construction of it.

By Mr. WOOD:

Q. The ordinary practice of your company, I suppose, in regard to matters of disbursement, is the same as that of other large corporations in New York?—A. Yes, sir.

Q. For instance, the president and cashier of a bank will distribute large sums of money at times, and detailed statements will only be made to the board of directors monthly or semi-monthly?—A. That is the general custom among all large corporations.

Q. The ordinary disbursements of the Pacific Mail Steamship Company, at that time, were made under the direction of the president, vice-president, and treasurer?—A. Yes, sir.

Q. Without the knowledge of the executive committee?—A. Entirely.

Q. And the duties of the executive committee were what?—A. They were to look after the general interests of the company, and to hear reports from the president at times, and to give him such advice as they thought necessary.

Q. The auditing committee was not composed of any members of the executive committee?—A. No, sir; none of the auditing committee were members of the executive committee.

Q. And the duties of the auditing committee were to do what?—A. They were to examine the moneys and securities of the Pacific Mail Steamship Company, and to report to the board once in three months.

By Mr. KASSON:

Q. The auditing committee also audited the items of the accounts, to a certain extent, did they not? That is to say, they approved or disapproved the items of disbursements?—A. Yes, sir; any accounts that were presented to their notice.

Q. Was it the duty of the auditing committee to examine in detail the entries on the books?—A. It was not, to my knowledge. If they had done that, it would have shown a want of confidence in the officers of the company.

Q. And, so far as you know, any false entries on the books were not known to that auditing committee or to the board of directors at that time?—A. So far as I know, they were not.

WASHINGTON, D. C., *January 30, 1875.*

N. G. ORDWAY, Sergeant-at-Arms of the House of Representatives, sworn and examined.

The CHAIRMAN. Something has been said about the accounts of members of Congress, covering the time when this subsidy was pending in Congress. I do not desire to ask you to divulge the accounts with the members of Congress; the committee does not desire to pry into them; but if there is anything in the accounts kept with you which will throw any light on this investigation, you will please give the committee the benefit of it.

The WITNESS. I would like to make a brief statement about that, and in my statement I will give the deposits which were made during the months of May and June of that year. I will give the deposits without giving the names. The newspaper statements on this subject have induced me to make a statement in reference to the manner in which the accounts are kept.

Continued misrepresentations in regard to what the books of the office of the Sergeant-at-Arms would show having been made—perhaps, innocently—by various correspondents, and sent out over the country, it is due to the office that I should state to the committee that there was formerly but one set of books kept by the Sergeant-at-Arms. Those books were known as the Government pay and mileage books, in which the law requires the Sergeant-at-Arms to enter the pay-certificates signed by the Speaker and drawn against the account of each member of the House. These books are required by law to be filed at the Treasury Department, and are made a part of its records at the close of each Congress.

When I came into office, owing to the disturbed condition of society in Washington, incident to the war, members preferred to leave a por-

tion of their pay in the office of the Sergeant-at-Arms, to be called for as they needed it, rather than carry large sums of money about them.

In order to accommodate members, a set of books was prepared, known as the deposit-books, in which were entered any sums of money which had been drawn from the Treasury upon the Speaker's certificates, and receipted for by members, and any other private funds which members desired to deposit.

The amounts thus credited to the members on the deposit-books were checked out in small sums from time to time by the members to pay board-bills and other expenses.

All transactions of this kind were entered in the deposit-ledger, and these two sets of books are the only books that have ever been kept in the office of the Sergeant-at-Arms.

These deposit-books are precisely such books as are kept in every bank, and are just as much open to the inspection of proper persons, and always have been, as the deposit-books of any bank in Washington.

No national bank or banker would allow unauthorized persons to come into his banking-room and overhaul and examine promiscuously the accounts of his depositors. They would, however, produce the account of any depositor before any competent tribunal when properly subpoenaed to do so.

The books of the Sergeant-at-Arms, especially the deposit-book, have always been produced before every committee of Congress, and an examination made of any account therein contained, when the committee had first obtained evidence to warrant them in making the examination of such account; and there has been no attempt to conceal from the public or prevent the examination of any credit to members which appears on these books.

The only point I have ever made with this or any other committee of Congress, has been that this deposit-ledger should be treated precisely as a deposit-ledger of any bank or banker, as I considered it private property, and that before they took the books to overhaul them they should designate the accounts to which the evidence developed seemed to point.

This position the Credit Mobilier committee conceded to be correct, and while I presented to that committee the account of every member, and the check or voucher accompanying the account, to which the evidence had in any way pointed, the committee were very decided in sustaining me in the position that it would be indelicate to take a deposit-ledger of this kind into a committee-room and expose every account in it to gratify the curiosity of the crowd usually in attendance on such investigations. I would further state, as it was thought by some that Mr. Whitelaw Reid in his testimony intimated that I might have more than one set of books in which sums due members were entered, that the deposit-ledgers referred to contain every financial transaction in my office during the past ten years, and no other private account is kept in the office. I will further state that I have made, in connection with my present book-keeper, a careful examination of every credit to members of Congress during the months of May and June, 1872, and I find that but thirteen members made deposits of any sums during those two months amounting to \$100; and that of those thirteen depositors but two were more than \$500, and that neither of these two members voted for the subsidy bill. I do not find a single entry of \$1,000 to the credit of any member during those two months, and of the eleven other depositors the amounts ranged from \$100 to \$600, and were mostly drafts deposited in the regular course of business for collection.

I, therefore, state in the most positive manner that, to the best of my knowledge and belief, the books of the Sergeant-at-Arms will not disclose anything which will aid in the investigation now before the Ways and Means Committee. The committee, however, are at perfect liberty at any time to examine any account they may choose, as I have brought the books with me.

I have spoken of the months of May and June, of 1872, because I suppose it will not be alleged, as these payments were not made until after the 20th of May, that deposits could have been made which had any connection with this subsidy during any other months of that year. I wish to state further, in the most positive manner, for the benefit of whom it may concern, that there never has been, to my knowledge, one dollar of money deposited in the office of the Sergeant-at-Arms during the eleven years which I have been in office that was used, or intended to be used, to bribe members of Congress.

In order to convince the committee, and all others interested, I desire to have my present book-keeper, Mr. Edward L. Whitford, state whether he has ever known, since he has occupied his present position, any money deposited or paid out in the office of the Sergeant-at-Arms, except what was entered in the open manner I have described upon the deposit-ledger.

In order to cover the time previous to his occupying his position, I refer to the testimony of Moses Dillon, my former book-keeper, given before the Credit Mobilier committee. It corroborates my testimony, and proves conclusively that there has never been but one set of deposit-books, and that there has never been any money received or paid out in the office of the Sergeant-at-Arms since I have held the office, except in this open manner, and duly entered on the deposit-ledger.

Q. State whether, to your knowledge, there has ever been money received and disbursed in the office of the Sergeant-at-Arms, and not entered on these books.—A. There has not been, to my knowledge.

Q. Have you any other books of any kind that contain any minutes of accounts, official or private, with any member?—A. I have no books of any kind or description in my office except these, and never had.

Q. Have you any memoranda other than books that indicate any transaction, official or private, with any members of Congress except what you have testified to?—A. None whatever of any kind or description. It was suggested by Mr. Reid, of the Tribune, that I might have private books. I want to say that I never have had a knowledge of anything that would throw the slightest light on this subject or on any other transaction of the same character during the eleven years that I have been in the office.

By Mr. BURCHARD:

Q. Do the books which you submit contain entries of all the moneys that were received and paid out through your office during the period to which you have reference?—A. They do so, every dollar. They are a duplicate of the books filed at the Treasury Department, and they show every dollar received or paid out through my office in any way.

Q. The books which you submit here to the committee—do they contain entries of all the moneys that were received and paid out through your office, or by your clerks for you, during the period to which you have referred—the months of May and June, 1872?—A. They do for that entire Congress. There are no other books or memoranda of any kind or description, and there never have been.

Q. Suppose drafts were obtained on the Treasury for the accommodation of a member on money which he presented or deposited at the office, would such a transaction be shown by your books?—A. If a member brought in the money, and asked to have a draft procured, and left the money in an envelope, as occasionally a member does, it would not appear; but if he deposited the money in any form, the books would show it. If a man came in in the morning with a sum of money, and asked me to procure a draft for it, and left the money, there would be no entry whatever of the transaction. The only way to reach it would be by referring to our draft-list at the Treasury.

Q. These books which you have left and that draft-list would show all such transactions?—A. They would show everything.

Q. Are those usual transactions?—A. They are not usual. We make a practice of entering everything that is left on deposit, or that is to remain even a day or two on deposit, even though we know that it is to be used in procuring a draft.

WASHINGTON, D. C., *January 30, 1875.*

RICHARD B. IRWIN, recalled:

The testimony of Mr. James D. Smith taken before the committee this morning having been read to the witness, the witness made the following statement:

The WITNESS. According to my recollection, every word that I stated is true in my testimony the other day, is strictly true. I have no doubt that Mr. Smith has forgotten the transaction; I do not mean, of course, to say that I told Mr. Smith every detail of my interview with Mr. Stockwell, but only that I told him enough of the interview with Mr. Stockwell to have enabled him to follow the subject up if he wished to do so. I want to add further, as it has been charged that both Mr. Stockwell and myself concealed from the public and the company all knowledge of these subsidy transactions, that I made no such concealment whatever. I told three persons whom I can name, and who were interested with me in business, all about it. That is to say, I told them the amount involved, and it was a subject of after-dinner conversation to my knowledge with Mr. Stockwell for months afterward. I am informed that Mr. Stockwell did not conceal it as a matter of fact.

By Mr. BELL, counsel for the Pacific Mail Steamship Company:

Q. I call your attention first to a letter of Mr. Alden B. Stockwell to you of February 1, page 97, and I ask you to state what you wrote to Mr. Stockwell to draw that letter out.—A. I cannot tell you.

Q. Can you not state something of the character of your letter to him?—A. The only suggestion that occurs to me is caused by the first line of his letter, in which he alludes to my indisposition. Further than that I do not recollect anything that I said in my letter.

Q. Was your letter on the subject of this subsidy business?—A. It probably related to it.

Q. Did you state the terms and the amount of your contract?—A. I did not.

Q. Did you ask him to make you any proposition of the kind?—A. I did not.

Q. If you are able to state what you did not say in your letter, can you not on reflection state what you did say?—A. I cannot, because the letter does not suggest anything. I can state that I did not say this because I know that I did not do it in any letter. I have stated in my

testimony the manner in which it was done, and that excludes the idea of its having been done in any other way.

Q. Did you in that communication to Mr. Stockwell give to him any information in reference to the condition of affairs at Washington?—A. That I cannot tell; I think it very likely.

Q. Did you tell him anything as to what you thought of the chances of success?—A. I am pretty sure that I did not.

Q. You have stated that the subject of the contract had not been discussed up to that date, the 1st of February, 1872?—A. Yes.

Q. Between the 1st of February and the 14th of February, 1872, the date of your receipt of Mr. Stockwell's next letter, did you write him any letter?—A. Very likely I did.

Q. Is it your best recollection that you did?—A. I cannot state. I generally wrote to him every other day, and sometimes I wrote to him every day.

Q. Then you think that you did probably write him several letters between the 1st and 14th of February, 1872?—A. I think it very likely.

Q. Did these letters refer to your contract?—A. They did not.

Q. They had no relation to the contract?—A. No, sir.

Q. Before the 14th of February you must have had conversation with him on the subject indicated in this letter?—A. It is very likely that I did.

Q. Do you recall the fact?—A. I do not.

Q. Do you swear that you did have any conversation on the subject of the contract before the letter of February 13?—A. I cannot say positively that I did or that I did not.

Q. Do you not recollect that you stated that your understanding was that you were to have \$500,000 instead of \$250,000?—A. My testimony is incorrectly reported in that respect. I said first that I had had a personal interview with him, and then I corrected that statement immediately, and said that it was not in the personal interview, but that it was in the message carried to him by Mr. Abert. In my testimony on that point I am reported as saying that I had had it in not only in a personal interview, but also in a message by Mr. Abert.

Q. And now you say that between the 1st and 14th of February you did not have any personal interview with Mr. Stockwell on this subject?—A. No, sir.

Q. And that you had no conversation with him whatever in relation to his letter of the 13th of February?—A. I had no conversation with him in regard to fixing the terms of the contract.

Q. But you did send a message to him by Mr. Abert?—A. I did.

Q. What was that message?—A. I told him that I should want \$500,000 on the passage of the bill, and that I should want \$40,000 whether the bill passed or not; what we call \$40,000 cash, and the balance contingent. Mr. Abert took that message by my directions and returned with the letter of February 13 and with the checks.

Q. How could you then say that it was your understanding that you were to have \$500,000?—A. Because I told Mr. Abert to say so.

Q. You made that offer, but it was not accepted.—A. It was accepted by the letter of the 13th of February.

Q. That was the only acceptance of it that was made?—A. That was all.

Q. You did not call that an acceptance of your proposal of \$500,000?—A. I said that that was my understanding.

Q. Then you now state that you did not mean to say that there had been, previously to the 13th of February, 1872, a contract for \$500,000,

but merely that you had made an offer of that sort?—A. Yes; and that it was accepted by that letter to the extent of \$250,000.

Q. Then up to February 13 there was no contract?—A. No, sir.

Q. Mr. Stockwell had not accepted the proposition which you had made?—A. No, sir.

Q. This letter of the 13th of February is the individual letter of Mr. Stockwell to you?—A. That is a matter of law.

Q. Is it not so in point of fact?—A. I would not like to testify as to that, because it has been the custom of the presidents of that company to write their letters in that way.

Q. You say: "I stated to Mr. Stockwell that my understanding was \$500,000, instead of \$250,000," but you have not stated when you did so state to him.—A. I stated it to him in reply to that letter of the 13th of February.

Q. How?—A. By letter.

Q. You wrote to him then?—A. I did. I wrote to him on the day I received that letter.

Q. On the 14th of February?—A. If it was the 14th of February that I received it, and I take it for granted, from the date of the letter, that it was.

Q. On that same day you wrote him what?—A. Simply that my understanding was that it was to be \$500,000.

Q. Did you receive any reply to that?—A. I did.

Q. Have you got that reply?—A. I have not.

Q. Did it assent to your proposition?—A. Yes.

Q. That you were to have \$500,000?—A. Yes.

Q. Where is that letter which you received from Mr. Stockwell?—A. I have not got it.

Q. Have you got a copy of it?—A. I have not.

Q. Why did you not mention that fact to the committee before?—A. I did not think it necessary.

Q. What was the date of his reply?—A. It was the next day after I wrote the letter.

Q. Do you speak from recollection?—A. Yes; the thing took place immediately.

Q. He assented to your proposition in writing?—A. Yes.

Q. Did he send you the \$500,000?—A. I told him in my first letter that I would afterward call upon him for that additional amount, and I did so.

Q. I come now to Mr. Stockwell's letter of the 4th of May, which is the next letter which you produce, in which he sends you \$400,000, and asks you to return his checks for \$250,000, previously sent to you. Why, if he had assented to the \$500,000, did he not inclose to you \$500,000 instead of \$400,000?—A. He sent me more than that. He had already sent me \$250,000.

Q. But he asked you to return his checks for that \$250,000?—A. Yes, but that was a misunderstanding on his part; I wrote him a letter telling him to send me the amount of these checks. That was in addition to what I already had, but he understood it not to be in addition, and so he asked me to return the checks for \$250,000, and I did not do so. I first asked for \$500,000 and I got \$250,000; I wrote back the next day to say that I would call upon him for the additional amount, and I not only called upon him on the 3d of May for that additional amount, but for an amount in addition to that.

Q. You say that he sent you the \$400,000 and requested you to return the \$250,000, but that you did not do it?—A. I did not.

Q. On the 23d of April you sent in your resignation?—A. I did.

Q. That was before the letter of the 4th of May was written?—A. Yes.

Q. And before you had received the \$400,000?—A. Yes.

Q. What was the object in your resigning at that particular juncture?—A. One of the objects is stated in the letter of resignation itself.

Q. Had you any besides that one?—A. Yes.

Q. Was it that difference between you and Mr. Stockwell as to the sum that you were to be paid?—A. No, sir.

Q. Had it any connection with the amount which he had agreed to pay you?—A. None whatever; it was simply because I wanted to get out of the business.

Q. How much money of his did you have in your hands at the time you wrote that letter of resignation of the 23d of April?—A. I can only answer that inferentially. It must have been about \$200,000 or something like that. I had the balance of these checks and any money which I had received and which had not been expended.

Q. Is it not true that Mr. Stockwell had refused to accede to your demands before you sent in your letter of resignation?—A. No, sir.

Q. Why did you wish to resign, not only from this business in Washington but from the company's service?—A. My reason was that I was sick of the whole business.

Q. On the 23d of April?—A. Yes; at almost any period, in fact, during the whole year.

Q. Have you destroyed the letter which Mr. Stockwell wrote to you in reply to yours of the 14th of February?—A. I cannot say whether I have or not; I do not recollect having destroyed it, and I think I have not destroyed it.

Q. How comes it that you have retained the others and not retained that?—A. It is simply accidental. I selected his other letters and put them away in the drawer of the safe in my office in San Francisco; consequently when I sent to my partner for those letters, he produced those of which he knew the location, and he would not have known where to find the others. I may find them when I go back.

Q. Did you go to New York in the month of April, 1872?—A. I think I was there frequently in April. I was in New York almost every week during the pendency of the measure.

Q. Were you in New York on the 23d of April, when this letter of resignation was written?—A. I was.

Q. And when his letter of reply, which is dated on the same day, was written?—A. Yes; I delivered my letter to him in person, and his answer was delivered to me in person.

Q. And you wrote to him on the 27th of April, withdrawing your resignation?—A. Yes.

Q. Was that also before the letter of the 4th of May?—A. Yes.

Q. Is it not a fact that this thing occurred before he assented to your \$500,000 demand?—A. It is not.

Q. He had really assented to it before that?—A. Yes.

Q. Had you any other letters from Mr. Stockwell during that period in connection with this contract?—A. No, sir.

Q. Then these three which you have produced and the one which you cannot produce are all the letters?—A. They are all in reference to the contract. Excuse me one moment—a thought occurs to me. I remember now the way in which that letter of the 13th of February came to be written. I wrote or had Mr. Abert write a draught of my letter in Washington, and he took that draught to New York. The letter read just as it does here, \$250,000, \$100,000, \$110,000, and \$40,000, making \$500,000; Mr.

Stockwell read it as \$250,000, in amounts of \$100,000, \$110,000, and \$40,000, and he only sent checks for \$250,000.

Q. Did you send him an amended letter for him to sign?—A. I did not; I simply wrote to him that he was mistaken in the amount, and that I would call upon him for the additional amount.

Q. You stated that the four checks of \$100,000 each were sent in the letter of the 4th of May; were they checks of the company?—A. Yes.

Q. I would like you to be positive about that, and to state positively whether they were checks of the company or not.—A. They were.

Q. By whom were they signed?—A. By Mr. F. W. G. Bellows, the vice-president.

Q. Payable to whose order?—A. To the order of Mr. Alden B. Stockwell, indorsed by him to the order of Richard B. Irwin, and the indorsement was written by Mr. Bellows.

Q. Are you stating this from memory?—A. I am stating it from memory, and my memory is as clear as a bell about it.

Q. And you state positively that these were the checks of the company?—A. I do.

Q. And were not the checks of third persons the property of Mr. Stockwell?—A. They were not.

Q. You state that positively?—A. I state that positively.

Q. What became of those checks?—A. I gave them back to Mr. Bellows when he delivered me the checks which I finally drew.

Q. Have you read Mr. Bellows's evidence?—A. I have.

Q. You recollect that he states that the checks, which were destroyed, were destroyed some four or six weeks before that?—A. If he said that he is mistaken.

Q. I wish to know whether those checks were destroyed four or six weeks before that?—A. They were not. They were destroyed within four or six minutes afterward.

Q. He differs with you also as to the amount of the checks. As I follow the evidence, he says that the amount of the checks which were destroyed there was \$400,000 or \$500,000, and he thinks \$400,000.—A. The amount was \$560,000.

Q. Made up how?—A. One check of \$60,000 by A. B. Stockwell on the Manufacturers and Merchants' Bank—his individual check; one check for \$100,000, the same; and \$400,000 in checks of the Pacific Mail Steamship Company, as stated in Mr. Stockwell's letter of the 4th of May.

Q. You had previously used the other \$110,000?—A. I had previously used \$40,000 and \$50,000 of it, as nearly as I recollect.

Q. Is this a matter which you swear to positively, or is it your best recollection? May you be mistaken, or is Mr. Bellows mistaken in regard to the time and place of the destruction of the checks?—A. I state so most positively.

Q. Who destroyed the checks, you or he?—A. They were destroyed by Mr. Bellows, in my presence, in Mr. Stockwell's room, just after he had handed me the other checks.

Q. And not until after you had got the other checks?—A. Not until after I had got the other checks.

Q. You stated that after the receipt of these checks you went back to see what entry was made in the books of the company about that transaction?—A. I did.

Q. And to see that the money was not charged to you?—A. Yes.

Q. When were you first aware of the irregular entries made on the books?

The WITNESS. What do you mean by "irregular entries?"

Mr. BELL. For instance, charging it to Harriot & Noyes.

A. I never was aware of it until I read the testimony in this investigation.

Q. Did you know that any part of it was charged to Eldridge & Irwin?—A. I knew that.

Q. When did you first know that?—A. In the latter part of April, 1874.

Q. You did not know, at the time you went back and made that inquiry, of the irregular entries?

The WITNESS. Do you mean before I looked at the stubs or afterward?

Mr. BELL. Either before or after that visit.

A. The stubs had only A. B. S. written on them when I looked at them at that time. I had only looked at them once before I appeared before this committee, and I stated to the committee before I saw the stubs again exactly the way the entry was.

Q. Did Mr. A. B. Stockwell agree with you to pay out of his own pocket his expenses in Washington?—A. He did not.

Q. Did he never make you understand and believe that he himself was going to pay these expenses in connection with stock-operations?—A. He did not.

Q. Did you never so understand it?—A. I never did so understand it. My understanding of that was that Mr. Stockwell was going to assume and pay this money himself, between the time when the bill should pass and the time of the awarding of the contract.

Q. From whom did you understand that?—A. From him. Not in so many words, but that was the impression that I finally got.

Q. Do you mean that he was to pay it out of his own pocket?—A. Out of his own pocket. He did not say so in so many words, but you asked me for my understanding of it. It only amounted to an impression.

Q. That impression was derived from Mr. Stockwell?—A. From the general tenor of his conversation.

Q. You had his checks in your hands?—A. For a portion of the amount.

Q. Did you not know, as a matter of fact, that Mr. Stockwell had exercised the right of taking the company's checks (which he might have had the intention to replace afterwards) in his private operations, in anything outside of this?—A. I never heard of it until long afterwards.

Q. Until this investigation?—A. I will not say that, but until the investigation by the company itself. I think it all came out in February, 1873.

Q. In your connection with the company, do you say that you never knew Mr. Stockwell to take the company's checks for his own use, with the view, probably, of immediately replacing them?—A. I never heard of such a thing, except in this transaction, until after Mr. Stockwell left the company.

Q. Did you not state to Mr. Scott, the vice-president of the company, in Paris, as the basis of your position, that this Washington affair was Mr. Stockwell's affair, and that he had agreed to pay the expenses out of his own pocket, and that the company was not to pay a dollar?—A. I do not think I stated that last clause. I did state to Mr. Scott that Mr. Stockwell intended to pay this thing individually, just as I have now stated it to you.

Q. Be kind enough to state it again just as you understand it?—A.

What I said to Mr. Scott was that Mr. Stockwell had intended to pay this money out of his own pocket, and that is all.

Q. Did you not state to him that it was not to be any expense to the company?—A. Never. I was alluding then to the particular point of this contract of February 13th, and to the manner in which the contract was made.

Q. You did in fact say to Mr. Scott in Paris that it was Mr. Stockwell's understanding that he was to pay out of his own pocket this money that you expended?—A. I did.

Q. And you made use of that as a reason to Mr. Scott why the company should not be pursuing you in the case?—A. I beg your pardon, sir, I think not.

Q. Did you not claim that the company ought to pursue Mr. Stockwell and not you?—A. That if it pursued anybody, it ought to pursue Mr. Stockwell, but not for that reason. I stated the reason to Mr. Scott distinctly.

Q. You left the impression on Mr. Scott's mind that the understanding was that Mr. Stockwell should pay individually, out of his own pocket, these expenses incurred in Washington?—A. Yes; but I was alluding especially to the time when the expenditure was made, because I knew that it was Mr. Stockwell's intention to get that money from the company when the company got the contract.

Q. You did not tell that to Mr. Scott?—A. We did not go into that.

Q. Did you not state to various gentlemen employed by you in Washington, in connection with this legislation, that it was Mr. Stockwell's affair, and that he was paying the expenses?—A. I would not like to say that I did or did not, because I have no recollection of the circumstance. I would not be very likely to say anything about it to anybody.

Q. Take, for example, Mr. Samuel A. Hatch; you say that you did not employ Mr. Samuel A. Hatch yourself, on your own motion?—A. I did not.

Q. And that his employment was by Mr. Stockwell?—A. It was by me, under Mr. Stockwell's orders.

Q. Did you not state to Mr. Hatch that this was Mr. Stockwell's private affair?—A. I may have done so, but I do not think I did.

Q. You paid Mr. Hatch out of Mr. Stockwell's money?—A. I paid him out of money that I had received.

Q. At that time you did not have a dollar of the company's money in your hands—prior to the 24th of May?—A. I paid Mr. Hatch a portion of the money before the 24th of May, and a large portion of it afterward.

Q. You say that you paid him a \$4,000 check to start with?—A. I paid him to start with, I think, \$1,000.

Q. How was that paid?—A. Either in currency or by check, I forget which.

Q. You stated that you paid him a \$4,000 check?—A. Yes, sir; but I did not state that that was the first of the payments to him.

Q. It was the second?—A. I think so.

Q. You seemed in doubt as to whether you paid him a \$16,000 check?—A. Yes.

Q. Are you now clear about it?—A. I am not.

Q. Do you swear positively that you paid him \$30,000?—A. I do not.

Q. You are in doubt about it?—A. I am.

Q. Will you swear that you paid him \$19,000?—A. I will not.

Q. Is not \$19,000 the amount which you actually paid him?—A. I do not think it is.

Q. Do you really think that you paid him any more than that?—A. I do; my impression is that I can identify \$21,000 in that transaction with Mr. Hatch, and I think I paid him more than that.

Q. Please to identify the \$21,000.—A. I think I paid him first \$1,000, then \$4,000, and then I paid him \$16,000 in New York on the 25th or 27th of May, by a check on the American Exchange Bank. One of the checks, which are in the account running between the 24th of May and the 30th of May, was certainly given to Samuel A. Hatch. One of these checks is \$19,000, and that may have been the one which he received, but I do not know. If that was the one, he must have received \$24,000, but I think it was the \$16,000 check which he received.

Q. Did you hand it to him yourself?—A. I did.

Q. Where?—A. At the Hoffman House, in New York.

Q. Was the check payable to his order?—A. I think so.

Q. Now come to the matters about which you are in doubt; where did you pay him any money after that?—A. I am in doubt whether I paid the money after that or before that. I do not know whether the transaction which I forget was before the transaction which I remember or not.

Q. Speak about the transaction which you forget.—A. I do not know anything about it; but I am positive that I paid Mr. Hatch as much as \$21,000, and I believe I paid him more.

Q. How?—A. By checks, if at all. I think I paid him more, because when Mr. Hatch came to me to receive his money, there was some difference of opinion in regard to the amount, and I finally satisfied him, and paid him what he asked. Whether I paid him two checks or one check, I do not recollect.

Q. Where was this conversation?—A. In New York, at the Hoffman House.

Q. Was it before or after the 24th of May?—A. I think it was about the 24th of May, but whether it was before or after I cannot say.

Q. Had the bill passed when you had this conversation with Mr. Stockwell on the 23d of May?—A. It had passed both Houses. The final vote had been taken in both Houses, but the post-office appropriation bill, which contained the Pacific Mail subsidy, was still pending in a committee of conference. The bill had passed the House of Representatives on the 21st of May, and the disagreeing votes between the two Houses were on matters not relating to the Pacific Mail subsidy, except a single verbal amendment as to which there was no difference of opinion, so that in the absence of any new developments the passage of the bill was absolutely certain.

Q. The bill did finally pass on the 27th or 28th of May?—A. The disagreeing votes between the two Houses were reconciled about that date, and the bill passed.

Q. Do you recollect what day the bill was approved by the President?—A. I think on the first of June—either the first or second.

Q. Are you clear that at the time of your interview with Mr. Stockwell, on the 23d of May, the bill had not finally passed the House, and had not been approved by the President?—A. The Post-Office appropriation bill had not finally passed the House, but this Pacific Mail item in the bill had passed both Houses, so that the Pacific Mail appropriation was a finality.

Q. Why did you demand the money from Mr. Stockwell on the 23d of May, before the bill was approved by the President?—A. Because I wanted it. I wanted to go back to California just as soon as possible.

Q. Was it in your contract that you were to have the money before

or after the approval of the bill by the President?—A. After the approval; but Mr. Stockwell waived that point.

Q. He refused to pay you on the 23d of May, when you called, did he not?—A. No, sir.

Q. Did he not refuse to pay the money?—A. Not absolutely. At first he said that he would not pay the money unless I told him to whom it was going.

Q. At that time had the amount been finally settled between you?—A. It had been.

Q. Previous to that, had the amount been settled?—A. I suppose it was on the 23d of May when that took place.

Q. At the time of the interview with Mr. Stockwell, which you understand to be the 23d of May, the actual amount which you were to receive had been previously agreed upon?—A. It was agreed upon then.

Q. It had not previously been agreed upon?—A. No, sir.

Q. I understood you to say that he had come to your terms about the \$500,000 before the 23d of May, and had not agreed to anything beyond that?—A. He had given me, before that, \$400,000 and \$250,000, making \$650,000.

Q. There is no evidence that he assented to your use of the \$250,000, because he requested you to return it?—A. I have stated that I did not return the \$250,000.

Q. He asked you to do so?—A. But, yet, after I told him I would not, he did not ask again.

Q. Did you notify him that you would not return the \$250,000?—A. I did notify him instantly that I would not return it.

Q. Had he, between the 4th and the 23d of May, agreed to pay a still larger sum than the \$500,000, which you first demanded?—A. The question did not arise between those periods specially.

Q. Then, in point of fact, he had not agreed to any specific sum up to that interview?—A. He had not.

Q. Except the \$500,000?—A. And the other money.

Q. I understood you to say that he did assent to your \$500,000 demand on the 13th of February?—A. Yes.

Q. That you had him fast for?—A. Yes.

Q. The rest was an open question?—A. He sent me the \$400,000.

Q. Did he not demand that you should send back the \$250,000?—A. Yes; but I told him I would not, and he assented to that by not insisting on it.

Q. But he did not assent to it in writing, nor in any verbal statement?—A. No, but still he let me keep the checks for the \$250,000.

Q. Did he consent to your keeping them?—A. He asked me, by his letter of the 4th of May, to return them, and I told him, in answer to that letter, that I was not going to do so, and he never asked me afterward.

Q. On the 23d of May, was there any difference between you and Mr. Stockwell as to the amount of the contract?—A. No, sir; none whatever.

Q. Did you then advise him of what amount you wanted?—A. I did.

Q. Was that the first time you stated to him this amount?—A. Yes.

Q. What was that gross amount which you then stated to him that the contract should be?—A. I stated to him then that I should want \$750,000 in addition to what I had before—not in addition to the checks which I had already had, but in addition to the money which I had already had.

Q. Both from him and the company?—A. That was never touched

upon. I stated that to him by giving him a memorandum of the amounts and manner in which the checks were to be drawn.

Q. Was it then stated what amount you had expended up to that time?—A. No, sir.

Q. Was the contract-price of all, the cost there stated between you and Mr. Stockwell?—A. Only by a remark. He said, "This makes about \$900,000." I said, "Is it as much as that?" He said, "Yes." And that is all there was of it.

Q. But the amount which you asked for then was \$750,000?—A. Yes.

Q. And the amount which you proposed to return was the amount which you then stated?—A. Yes, sir; that is it exactly.

Q. You alluded to a scene of a watch and five minutes; be kind enough to state just what you said to him on that occasion.—A. I will. I said to him, "I will give you five minutes to decide that question."

Q. You had better state the previous conversation, so as to make the connection.—A. The previous conversation was simply this: Mr. Stockwell stated that he did not intend to pay that large sum of money in addition to the large amount which I had previously had, making in all, as he said, about \$900,000, until he had an exact account of the name of every man who was going to receive any part of the money, and of the amount which each man was going to get. I stated, "That will be never." Then he began to discuss the question. As he and I have both red hair, I did not care to get into a quarrel with him, so I stopped short and said, "We will not talk about it; I will give you five minutes to decide that question."

Q. And you then took out your watch?—A. Yes; and I said, "I hope you will decide not to pay it."

Q. What else did you say in regard to his not paying it during that five minutes?—A. I do not think that he waited five minutes.

Q. What did you say during the time that you had your watch out?—A. Neither of us said a single, solitary word.

Q. Previous to that period of silence, what did you say, if anything, more than you have stated, by way of urging him not to pay this money?—A. I do not think I said anything.

Q. Did you not tell him you hoped he would decide not to pay it?—A. Yes, I told him so at the time I took my watch out. I do not think that I said anything besides that.

Q. Have you not already stated something else that you did say?—A. Yes; but it was not before that instant; it was after he had decided to pay the money.

Q. Did you use any threats of any kind to him?—A. I did not.

Q. Did you mean that as a threat?—A. I did not. I said it because I was sick of the whole thing, and sick physically, and I wanted to get away.

Q. There was nothing about the transaction which had any reason to make you sick? It was likely to be a profitable one to you.—A. I was disgusted with the whole thing.

Q. But you hoped that it would be a profitable transaction to you, did you not?—A. I did not.

Q. Did you wish really to get out of it at that time?—A. I did.

Q. And you would have been glad if Mr. Stockwell had decided not to pay the money?—A. I should have been perfectly delighted.

Q. Was the act of showing him the watch half intended to induce him not to pay it?—A. It was not intended to have any effect upon his decision, one way or the other, except that I wanted to cut the discus-

sion short, and I wanted an answer then and there that would be a final answer.

Q. What was his answer when he finally broke that silence?—A. He said, "Of course there is nothing else left for us to do."

Q. Did he say anything else?—A. No; that is all that he said.

Q. Do you give his words, or only your best recollection of them?—A. I give my best recollection of them.

Q. You do not undertake to state his exact language?—A. O, no; not three years afterward. My reply to that was, "I do not want you to decide on that ground;" and I then proceeded to give him the reasons why he should not pay the money.

Q. You understood by his answer that he felt compelled to pay it by force of circumstances?—A. Yes; and I begged him not to decide on that ground.

Q. Did you understand, further, that he felt any threat on your part on account of the position he took? Did his answers sound in that way to you?—A. I think not. My idea was just what he stated; that he thought he had nothing else left for him to do.

Q. Why?—A. Because he saw, as well as I did, that he would not get his subsidy unless he paid the money.

Q. Not after the bill had passed?—A. No, sir.

Q. You think that he saw something of that sort?—A. I think he did. He is too intelligent a man not to have seen that.

Q. You had \$615,000 in your pocket at that time?—A. I had \$560,000, and whatever money I happened to have left over.

Q. Was that fact alluded to?—A. There was not a word said about it.

Q. The real controversy between you was only as to the difference between the checks that you had and the checks that you wanted?—A. No; because I was to return the checks that I had.

Q. Only in the event of his paying the money?—A. No; I would have returned them to him instantly whether he did or not.

Q. You were not bound to do so in case of a breach of contract on his part?—A. No; but I would have done so.

Q. You would have waived that contract?—A. I would.

Q. Did you tell him so?—A. I did not.

Q. Did he expect that you would waive it?—A. I think he did.

Q. Do you think after the appropriation bill had passed both Houses that the question was any longer in doubt?—A. The Postmaster-General was to advertise for proposals, and then he was not instructed to award the contract; he was only authorized to award it; and I think he would have to be a bolder man than I have seen in politics for a good many years to have awarded that contract in the face of the investigation which would inevitably have followed the failure to pay that money.

Q. The Pacific Mail Steamship Company was not named in that general appropriation bill, was it?—A. It was named, but not as the contractors.

Q. In what connection was it named?—A. The money was only to be paid so long as the Pacific Mail Steamship Company, (specified by name,) or its successors in interest, should maintain the service now performed by it between San Francisco and New York via Panama.

Q. Did not the legislation direct the Postmaster-General to let the contract to the best bidder?—A. It authorized him to do so.

Q. And to advertise for proposals?—A. Yes.

Q. And was not the letting an open letting to the whole world?—A. Yes, on the surface of it.

Q. In point of fact?—A. No, sir.

Q. The Pacific Mail Steamship Company might have decided not to have bid for the service?—A. Certainly.

Q. The company was not bound to bid for the service, even after the bill passed?—A. No, sir.

Q. And yet you believe that that bill could have been repealed?—A. I have not expressed an opinion on that point; but I have said that the Postmaster-General never would have dared to award the contract to the Pacific Mail Steamship Company if the scandal which has now come out had come out then.

Q. Did you think so at the time?—A. I did.

Q. Did that pass through your mind there while you were holding your watch in your hand?—A. I do not know what passed through my mind while I was holding my watch, but it may have been in my mind as much as any other idea.

By the CHAIRMAN:

Q. Do you mean to say that there was anything so disgraceful in that proceeding at the time, that if it was known it would have broken up the whole arrangement for the subsidy?—A. I do not.

Q. Do you mean to say that there was anything so improper in the manner in which that subsidy was obtained through you that, if it was known, the Postmaster-General would have been a very bold man if he had given the contract?—A. No, sir.

Q. Will you not explain what you do mean?—A. I went over that ground the last time I was before the committee, and I will go over it again if you wish.

Q. What did you mean by saying that if the scandal which has now come out had come out then, the Postmaster-General would have been a very bold man to award the contract to the Pacific Mail Steamship Company?—A. I meant to express the opinion that if that contract was now to be awarded, or if the state of facts which now exists had existed then, the Postmaster-General would have to be a bold man to have awarded the contract to the Pacific Mail Steamship Company.

Q. Do you allude to the state of facts which existed at the time that the act passed Congress?—A. I allude to the state of facts which would have existed whenever the investigation had arrived at the point which it has now reached.

The CHAIRMAN. Investigations do not create facts, they only disclose them.

The WITNESS. But generally the trouble is that they do not disclose them.

Q. Answer me directly what you meant by saying that Mr. Stockwell was a man too intelligent not to know that if the knowledge which you held had been made public, the Postmaster-General would have been a bold man if he had awarded the contract to the Pacific Mail Steamship Company.—A. My opinion is that no Postmaster-General would have awarded the contract to any contractor, if he knew that that contractor had expended \$890,000, or \$89,000 to procure legislation.

Q. If the money had been expended properly?—A. Not if it had been expended properly, and if it was demonstrated to him that it was expended properly. If these expenditures had come out, and were not explained, that precise state of affairs would have arisen.

Q. Do you know anything of the expenditure of any of this large sum improperly?—A. I do not.

Q. Then if everything which you did know about the expenditure of that money was proper, why do you remark that the Postmaster-General would have been a bold man to have awarded the contract?—A.

Because I think the Postmaster-General would have required proof that it was properly expended.

Q. Is not this committee just at that point?—A. Yes.

Q. Who knows more than yourself about the manner in which it was expended? It was all expended through you?—A. Yes.

Q. Then, if you understand how it was all expended, be kind enough to make it clear to us that it was properly expended.—A. I cannot do so.

By Mr. BELL:

Q. If Mr. Stockwell had refused to pay this money, it would not have been improperly expended?—A. Certainly not.

Q. If he had not paid the money to you to pay these gentlemen, what would there have been to be investigated?—A. The promises to pay.

Q. Do you pretend to say that the promises to pay this troop of lobbyists would have interfered with legislation?—A. I think that if Mr. Schumaker had come forward and stated that he was to receive \$300,000 on the passage of the bill, the Postmaster-General would have wanted to know what he was going to do with the money.

Q. Do you suppose that Mr. Schumaker could ever have been induced to make such a statement?—A. I think that somebody else would have made that statement.

Q. That is what is in your mind?—A. I think that Mr. Schumaker would not have made it; but there were all the lobbyists who knew that he was employed.

Q. Do you think that the Postmaster-General would have paid any attention to the claims of lobbyists?—A. I think very probably that they would have resulted in an investigation.

Q. On what ground?—A. On the same ground that this investigation was brought about.

Q. When the money had not been paid?—A. It is as bad to promise to pay money as to pay it.

Q. Did you threaten Mr. Stockwell that you would not give him up the checks for \$250,000 which you had?—A. I never did.

Q. Did you say to him, "I have got your checks, and I have a right to hold them, and I shall insist on holding them?"—A. I did not.

Q. Did you make any allusion to the strength of your position in having the checks in your possession?—A. I did not.

Q. Do you mean the committee to understand that, so far as you had any influence on Mr. Stockwell, you wished him not to pay the money?—A. I do.

Q. Did you wish to bring about an investigation?—A. I did not.

Q. You swore that an investigation would have followed?—A. I did.

Q. Did you wish then to bring about such an investigation?—A. I did not wish to do it. That was not one of the wishes which controlled my action in the matter.

Q. Would you have been glad to see it take that course?—A. I would not. I should have been glad to have got out of it, whatever the consequences were, if the president of the company had been willing to take that position. That was a matter for him to decide, not me.

Q. State what you said to Mr. Stockwell in conversation after the five minutes had expired.—A. I went on to give him the reasons why, in my judgment, the subsidy was not worth \$750,000.

Q. What were your reasons?—A. The reasons were these: I was of opinion that it would be more for the interest of the company to have its ships built in Europe, saving the difference between the price of

building there and of building here at that time, and that the difference in the cost thus saved, added to the difference in the cost of running the vessels, would be fully equal to the amount of the subsidy, even if the company did not pay anything to get the subsidy. I also pointed out to Mr. Stockwell that in case of an investigation arising at any time, such as almost always arises in these cases, there would be a great deal of trouble in convincing the public and convincing Congress that the money had not been improperly used. I pointed out that the men to whom the money would be paid would probably fail to account for it, or would refuse to account for it, and that the contract would be probably taken away. I pointed out to him the clause in the old contract, which I knew would be in the new one, that Congress might repeal it at any time, with or without a reason. I think that these were the principal reasons that I stated.

Q. Did you offer to refund to him all the money which had been expended up to that time?—A. I think I did make such an offer.

Q. I think you have, on two occasions, made a similar statement in your evidence.—A. I think I have testified to that.

Q. Is there any doubt in your mind whether you said that to him?—A. I think I did say that to him.

Q. How did you expect, occupying a position as clerk or agent of the company, on a salary of \$10,000, to be able to refund to him all the money then expended?—A. That was said in the heat of the moment. What I intended to do was to give Mr. Stockwell all the money I had.

Q. You say that, although you made that statement, you really did not intend to pay him back the money which you had spent?—A. I intended to pay him what money I had, but I could not pay him what I did not have.

Q. Your evidence was that you offered to pay him all the money previously expended?—A. Yes, sir.

Q. Did you intend to do that if he accepted the offer?—A. To the extent of my ability.

Q. Were you, in point of fact, able financially to have paid him back that \$190,000 which had been spent?—A. I was not.

Q. Did he probably know that fact?—A. I cannot really say that he did; my impression is that he thought I was not able.

Q. Have you hitherto stated that, beyond the \$750,000 which you received on the 24th of May, you ever received a dollar of the Pacific Mail Steamship Company for the purpose of this subsidy?—A. Yes, I have.

Q. What sums did you receive from the company beyond the \$750,000?—A. I identify \$25,000 received on the 25th of January as having been received from the company.

The committee here took a recess for an hour.

After the recess the cross-examination of Richard B. Irwin by Mr. Bell was resumed, as follows:

Question. Before I resume the subject of your accounts I will ask you a single question about the interview with Mr. Stockwell: At that time you knew Mr. Stockwell was a very large owner of the stock of the company, did you not?—Answer. I supposed him to be.

Q. Did you not know that he was then the owner of upward of 15,000 shares of the stock?—A. I did not.

Q. You understood and believed that he was the owner of more than half of the capital stock at that time, did you not?—A. I did not.

Q. Did you not believe it?—A. I did not.

Q. Do you know what the price of the stock was that day ?

The WITNESS. Do you mean the 23d of May ?

Mr. BELL. Yes, sir.

A. I do not.

Q. What is your best impression ?—A. I should say about 85, or from 80 to 85 $\frac{3}{4}$.

Q. Would it not have been to Mr. Stockwell, individually, financial ruin and bankruptcy if anything had occurred in regard to Pacific Mail which would in the market have reduced the price of that stock notably ?

—A. My impression at that time was that he was short of the stock. I knew nothing about his operations.

Q. But I understood you to swear a moment ago that you thought he was a large owner of the stock at that time ?—A. No, sir ; I am speaking of the general period, and not of that time.

Q. You did not believe that he was a large owner then, about that time—about the 23d of May ?—A. Not at that time.

Q. What you have stated in regard to your belief of his being a large owner was at some previous time ?—A. It applies to a previous and subsequent date.

Q. If he had been an owner of one hundred and fifty thousand shares at that time, any notable decline would have been bankruptcy and ruin to him, would it not ?—A. If he had owned one hundred and fifty thousand shares absolutely, in his own right, and had paid for it, and was going to keep it, I do not know that it would have made any difference to him ; but if he was going to sell, it would have caused him a great loss. If he was carrying it on a margin, the effect would have been disastrous, of course.

Q. At what time was it that you advised your friends to sell short ?—A. I beg your pardon ; I never advised any of my friends to sell short.

Q. I understood you to say so in your evidence the other day ?—A. No, sir ; I said not to buy.

Q. Your advice was, simply, not to buy ?—A. Yes, sir.

Q. You did not advise any one to sell short ?—A. No, sir ; because I was afraid of a short operation in a stock which could be so easily controlled.

Q. I will now resume the matter of your accounts. I had asked you what sum you conceded that you had received from the company besides the \$750,000, and your first answer was \$25,000, at some date which you gave ?—A. Yes, sir ; the 25th of January.

Q. What other sum do you now remember that you received from the company ?—A. I do not remember receiving any other sum from the company until I received the \$750,000.

Q. Exclusive of that ?—A. I do not remember any other.

Q. Except this \$25,000 ?—A. That is all.

Q. Do you swear positively that that is all the money you did receive from the company ?—A. I do not.

Q. May you have received another \$100,000 from the company, which you are not now able to remember ?—A. I may have received another \$100,000, but I do not think I did.

Q. Will you state that you now think that you received as high a sum as \$50,000 from the company, or smaller sums amounting to \$50,000, besides those you have named ?—A. The company has those checks in its possession, and can produce them at any moment.

Q. Very true, but I now require your answer to my question.—A. I do not know anything about it until I see those checks.

Q. Have you no recollection ?—A. None whatever.

Q. But you are unwilling to swear positively that you did not receive as high as \$100,000?—A. I am.

Q. Will you swear positively that you did not receive \$200,000 more?—A. Yes, sir.

Q. Will you swear positively that you did not receive \$150,000 more?—A. My impression is very decided that I did not, but I would not swear positively to it unless I saw the checks.

Q. Had you forgotten the \$25,000 that you now concede when you made the statement which you furnished to the committee, in which it is not included?—A. It is included in that \$50,000.

Q. You say, "Not admitted as alleged."—A. I did not say, "Not admitted;" I say, "as alleged."

Q. But you now admit it?—A. I admit it.

Q. You say you did render a statement to Mr. A. B. Stockwell, in the month of July, 1872?—A. No, sir; I did not say so.

Q. Did you not swear that you had?—A. No, sir. I stated that I had not.

Q. Did you not swear that you made some statement in writing to Mr. Stockwell?—A. No, sir. I swore that I had never rendered a statement.

Q. You said that as to the company. I am speaking of Stockwell individually.—A. I swore that I had prepared a statement to present to Mr. Stockwell, in case he should ask for it, and that that statement was prepared about the first week in July.

Q. Do you now swear that you did not deliver a statement of any kind to Mr. Stockwell, in San Francisco, about the first of July, 1872?—A. I do—say about the first week in July.

Q. Did you ever make a statement of any kind in this connection to Mr. A. B. Stockwell?

The WITNESS. Do you mean in the shape of an account?

Q. Any statement of what you had done with this money.—A. I think not.

Q. How, then, do you explain this entry in your account: "Furnished to the company sundry payments, accounted for per statement July 1, 1872, but now forgotten, \$45,000?"—A. The statement which was made out on the 1st of July, 1872, accounted for the sum which I have set down there—the total sum—leaving \$85,000 unaccounted for. It was made on the basis of Mr. Stockwell's claim to me, that he had given me \$890,000, and of that I accounted on that statement for all but \$85,000; but I did not show him the statement. He did not ask me for it.

Q. You did not give it to him?—A. No, sir.

Q. Then, when you alluded to that statement, you alluded simply to a statement which you had prepared but which you did not present to anybody?—A. Yes, sir.

Q. But you intended it for Mr. Stockwell, if he asked you for it?—A. Yes, sir.

Q. How is it possible for you to say that the statement contained \$45,000, now forgotten? If it was forgotten, how can you say anything about the amount of it?—A. I know that the difference was \$85,000.

Q. I only allude to this one case.—A. I understand; but I know that the total amount claimed was \$890,000. I also know that the sum which I claimed to have retained was \$85,000, and that the amount which I claimed for my Washington expenses was \$40,000. I have identified that matter from the testimony before the committee, and

from my recollection of various payments, until I get down to \$45,000 which is unaccounted for.

Q. You do not mean to say that that statement of July referred only to the \$45,000?—A. That accounted in detail for all the payments except the \$85,000 and the \$40,000.

Q. Have you that statement in your possession?—A. I have not.

Q. Where is it?—A. I do not know where it is.

Q. Have you a copy of it?—A. I have not.

Q. Where did you last see it?—A. In San Francisco.

Q. Did you leave it there?—A. I did.

Q. Is it probably in your office there now?—A. It should be either in my office or in my house if it is still in existence.

Q. Do you say that you now could produce a copy of it if you wished to do so?—A. I won't say that, because I don't know whether it is in existence or not.

Q. Is it in a book, or on a separate piece of paper?—A. It was on a separate piece of paper.

Q. That, you say, Mr. Stockwell never saw?—A. He never saw it.

Q. State what items of expenditure were included in that statement which are not now included in your present statement.—A. There were no other. The \$45,000 was included and accounted for.

Q. But in detail?—A. Yes, sir, in detail; and the \$40,000—

Q. That was in detail?—A. Yes, sir; the \$45,000 was accounted for in detail, excepting a small portion of it. Of course it would be impossible to recollect exactly in making such large expenditures every particular item.

Q. Then you only state by mathematical calculation the amount forgotten?—A. That is all.

Q. You don't pretend to swear now that there is just \$45,000 that you have forgotten?—A. Not except by the calculation. I remember distinctly the \$85,000, and I remember distinctly the \$890,000, and I remember distinctly the \$40,000; and by the rule of three, or by the rule of four, you get down to the result.

Q. You say, "Stockwell returned to company \$90,000; see Roundy's testimony." I have carefully read the testimony, and can find nothing of the kind in it. Be good enough to explain what you mean.—A. The statement is in answer to a question on page 201. "There was afterwards a credit, and the actual round amount charged out for which there is no account, and for which the company never have had any account, is just \$800,000."

Q. Then you mean, as a mathematical calculation, the difference between the credit of \$800,000 and your computation of \$890,000, do you?—A. Certainly.

Q. Rather than a statement that Mr. Roundy made that Mr. Stockwell had returned any money to the company?—A. I referred to that statement as the only statement that I have on the subject.

Q. From this statement you inferred that?—A. I understood that statement to mean that.

Q. That is your explanation of this entry?—A. Yes, sir; and that statement also agrees with the statement made to me by Mr. Stockwell himself.

Q. That he had returned money?—A. That he had returned \$300,000 to the company, and that that was the way that the account was reduced to about \$300,000.

Q. How did Mr. Stockwell state that he had returned it?—A. I did not ask him.

Q. When did he state that he had returned it?—A. He stated so to me in Europe last fall.

Q. In Europe last fall did he state when he returned it?—A. He did not.

Q. Do you remember from that interview what time he claimed to have returned it?—A. He did not tell me anything about it. It was not my affair.

Q. You say in the same connection, "And Lockwood check \$200,000." Did you not know that the Lockwood check of \$200,000 was a simple exchange of checks?—A. I know it was an exchange of checks.

Q. And that the company lost \$200,000 by the operation instead of getting anything back?—A. I do not believe that the company lost anything by that. My understanding of that transaction from the testimony—and I know nothing else about it—is that the company gave John Roach a check for \$200,000, upon the delivery of which check two entries were made on the company's books of \$100,000 each, against new iron steamers, numbers 5 and 6, and that John Roach gave to Stockwell or Bellows, and it makes no difference which, a check drawn by John Roach & Son to the order of John Roach for \$200,000, and indorsed by John Roach, and that Stockwell gave that check to Lockwood & Company.

Q. For his private account?—A. He gave it to them. And that Lockwood & Company thereupon drew this check to the order of either Stockwell or the Pacific Mail Company, and I have forgotten which. I have seen the check which came back to the company. It is a check for \$200,000, which was deposited by the company in the National Bank of Commerce in New York, and there credited to the company on the books of the National Bank of Commerce. Further than that I know nothing.

Q. You believe that the evidence shows that?—A. I do not believe that the evidence shows that, because it has not been put in evidence; but I saw that check. The check was delivered to Mr. Kasson by Mr. Chapman, the counsel for Mr. Lockwood; also my counsel; and he showed it to me before he delivered it. It has the mark of the Bank of Commerce on it; it is in the possession of the committee. It is drawn to the order of Pacific Mail Steamship Company, and indorsed, "For deposit. Henry Smith, treasurer."

Q. There is no evidence before this committee showing that the company received that \$200,000, is there?—A. Simply because it has not been printed with the evidence. It was given to a member of the committee at the request of Mr. Lockwood, upon Mr. Lockwood's statement that he would produce it.

Q. You claim that you have information tending to show that \$200,000 actually was paid back to the company?—A. Yes, sir; I have seen the check itself.

Mr. BELL. There is no such evidence yet before the committee, that I am aware of.

The WITNESS. It was handed to the committee.

Q. To what person did you pay any other money in Washington whose name is not included in the statement which you have furnished?—A. I don't remember.

Q. Do you remember stating to the committee one day that you did pay some money here to a gentleman whose name you preferred not to give?—A. Yes, sir.

Q. Did you pay any money to Captain Bradbury?—A. I would prefer not to answer that question, although I would as soon reply to it as

not if the committee desire me so to do. Captain Bradbury was not paid for his services in connection with this subsidy.

Q. My question is, did you pay any money in Washington to Captain Bradbury?

The WITNESS. Does the committee require me to answer that question?

The CHAIRMAN. There is no quorum present, but it seems to me that it is pertinent to your original statement.

The WITNESS. I did pay \$10,000 to Captain Bradbury.

Q. Did you not pay him \$50,000?—A. No, sir.

Q. Do you swear positively that you did not pay him \$50,000?—A. I swear positively that I did not pay him one cent over \$10,000.

Q. When did you pay that money to him?—A. The first \$2,000 I do not recollect.

Q. State as nearly as you can.—A. I paid it to him at two periods, I think, and may be three, before the passage of the bill. I paid him the last \$8,000 about the 25th of May.

Q. What was his relation to the company at that time; was he a director?—A. He was not.

Q. Not in any way connected with the company officially?—A. Not otherwise than by my employment of him.

Q. Did you employ him?—A. I did.

Q. What was the character of the service which you agreed with him he should render?—A. He was to render me any assistance I called upon him for.

Q. What did he do?—A. He was down here during the passage of the subsidy, when I required him to be here; he was in New York when I required him there. He consulted with me, and advised with me, in reference to all of my business with the company, more in reference to other business than in reference to this subsidy matter especially, for I had still charge of the affairs of the San Francisco agency, and was still consulting with Mr. Stockwell constantly, and giving orders in reference to them. He did, generally, anything that I required him to do.

Q. You speak of very intimate relations between you and him, in one portion of your testimony?—A. I do.

Q. Please define that. What do you mean by that?

The WITNESS. Mr. Chairman, I would rather not go into that. I think it is away beyond the subject-matter of the inquiry.

The CHAIRMAN. It is the impression of the committee that it is not competent.

Q. Did you pay any money, while you were in Washington, to any other person whose name you have not given to the committee?—A. That \$45,000, sir, and the expenses I paid.

Q. I do not allude to hotel bills or incidental expenses.—A. I paid that \$45,000—possibly a portion of it to some of the persons who have been mentioned, whom I have forgotten, and possibly a portion of it to other persons. There were one or two other persons whose names I have forgotten, but they were of precisely the same character as all the others.

Q. You cannot now remember their names?—A. I cannot.

Q. Did you pay any to Allan or Robert McLane?

The WITNESS. During that time, do you mean?

Q. During that year?—A. I never paid any money to Allan McLane, and I did not pay any money to Robert McLane during that year.

Q. Was any part of this money ever paid to either of them?—A. No, sir.

Q. As to the item, \$40,000 for expenses in Washington, did you really expend \$40,000 in Washington for hotel-bills and incidental expenses?—A. And in New York, and in traveling, and in telegrams, and in printing, and in stationery; yes, sir.

Q. Your contract, as you stated to-day, commenced February 1, and your labor ended on the 23d of May, substantially?—A. Yes, sir.

Q. That is a period of four months, is it not? Did you expend \$10,000 a month?—A. No, sir; but my expenses began before my contract began. My expenses began the moment I left San Francisco on this business, which I think was the 29th of December, 1871.

Q. You simply mean, I suppose, your ticket, &c., over here?—A. I mean my general expenses. And, then, I was engaged in connection with this service from almost the moment of my arrival in New York, although I had no contract. That \$25,000 was paid to me, you will observe, the 25th of January. That was paid on account of these expenses, and was immediately charged to profit and loss by the company. Although my duties here ended the 23d of May, my personal expenses did not end until I returned to San Francisco, which was on the 4th of June; and my house expenses in Washington did not end until about the 1st of June, or, perhaps, a little afterward, when Mr. Abert gave up the house, so that it really covers about five months.

Q. You stated to-day in your evidence that you told Mr. Stockwell, as a reason why he had better not pay that money, the difference in economy in using English ships and machinery?—A. Yes, sir.

Q. And you claimed to him that two English steamers could perform the work of three American steamers, or something of that sort?—A. That is approximately correct.

Q. Do you pretend that an English steamer can be run cheaper than an American steamer?

The CHAIRMAN. I think, on the whole, that subject had better not be entered into.

Mr. BELL. He says he made use of that argument.

The CHAIRMAN. What if he used a false argument.

The WITNESS. That is just what I was going to suggest.

Q. Is it a fact that you are in the employ of a rival line of steamships to the Pacific Mail Steamship Company?—A. I am not.

Q. What connection have you had with the rival line of steamers of which Captain Bradbury is president?—A. None whatever.

Q. Are you not in its interest?—A. I am not.

Q. Are you not understood by them to be acting in its interest?—A. I cannot testify as to the state of thought existing in a man's mind.

Q. Have you received any money from them?—A. Not one cent.

Q. Not any promise of payment?—A. No, sir.

Q. Are they not, in fact, paying your expenses here in Washington?—A. No, sir.

Q. Nor any person in their interest?—A. I am paying my own expenses in Washington, and I am not in their interest.

Q. Have you had any interviews with the agents or representatives of that company in this connection, either here or in New York?—A. That is going away beyond the inquiry, but I simply desire to say that there is no opposition line.

The CHAIRMAN. I think it is proper to show any connection of the witness with a rival line.

The WITNESS. I cannot have had any connection, because I do not understand that there is any opposition line.

Q. Do you swear that you have not had interviews with the agents or representatives of the opposition company, either here or in New York?

—A. If you will indicate the names of any gentlemen, I will reply to your question.

Q. I will name Mr. Jay Gould.—A. I have had interviews with Mr. Jay Gould.

Q. Where?—A. In New York.

Q. How many interviews did you have with Mr. Jay Gould?—A. I do not remember.

Q. Did you have several?—A. Yes, sir.

Q. Where?—A. Some at his house, some at the Hoffman House.

Q. Is Mr. Jay Gould a director of one of the transcontinental lines of railway, the Union Pacific Railway?—A. I have an impression that he is.

Q. Did he not so state to you?—A. He did not.

Q. Did he converse with you in regard to a proposition to run a line of steamers from San Francisco to Japan, or anywhere in the Pacific Ocean?—A. Yes, sir.

Q. What did he say in that connection?—A. I cannot remember all he did say.

Q. Did he say he was interested in such a proposition?—A. Yes, sir.

Q. Did he ask you what you could swear before an investigating committee?—A. I do not think he did.

Q. Did you state to him in general the character of the evidence you could furnish?—A. I did.

Q. At which interview did you state that?—A. I don't remember.

Q. At several interviews?—A. I doubt if I stated it more than once. I would not be likely to.

Q. Did he not tell you the names of certain steamers which they had already arranged to put in that service?—A. No, sir.

Q. Did he name certain steamers that he could lease on certain terms and conditions?—A. No, sir, he did not; because I knew them all.

Q. Do you not remember that he called your attention to the fact?—A. He might have done so, but he did not inform me; I knew it already.

Q. Did you state to him that fact?—A. What fact?

Q. The fact that these steamers could be employed by this rival line?—A. I told him that he had the whole English mercantile navy at his disposal.

Q. Did the conversations also relate, in addition to the steamships on the Pacific Ocean, to stock operations in the city of New York?—A. They did not.

Q. In connection with this investigation?—A. No, sir; nor with anything else.

Q. Was the subject of the effect of this investigation in Congress upon the company, and its effect upon the stock-market, the subject of your conversation?—A. It was not.

Q. In no way, shape, or manner?—A. It was not.

Q. Not in any of the conversations?—A. I think not.

Q. Did you make any promise to Mr. Jay Gould as to what you would state if called upon as a witness?—A. I did not.

Q. Did you make a statement of what you would state?—A. I did.

Q. How far did that statement to him go?—A. It went exactly as far as my statement to Mr. Scott went. I want that to go in if the other is to go in.

The CHAIRMAN. State what you did state to Mr. Jay Gould.—A. I told him that, so far as I was concerned, I would state to the committee everything that I knew, but when it came to giving up the names of other

gentlemen, I should not give them a single name. I said precisely the same thing to Mr. George S. Scott, vice-president of the Pacific Mail Steamship Company.

The CHAIRMAN. We do not inquire who else you stated it to.

The WITNESS. But your inquiry is in reference to my bias, and I say I said the same thing to the company.

Q. Did you state to Mr. Jay Gould that you had also stated the same thing to Mr. Scott?—A. I did not.

Q. We are inquiring what you stated to Mr. Jay Gould.

The WITNESS. For the purpose of showing a bias, as I understand.

Q. Have you stated all that you stated to Jay Gould in that connection?—A. I have.

Q. Did you not furnish to Jay Gould a list of twenty-three names of persons to whom you paid money?—A. No, sir; nor any other names.

Q. Did you tell him that there were twenty-three persons, the names of whom you refused to give him or declined to give him?—A. I did not.

Q. You stated on page 92 of your testimony that Mr. Whitelaw Reid, of the Tribune, and Mr. L. J. Jennings, of the Times, were personally aware of your address during the whole of your stay in New York?—A. Yes, sir.

Q. Did you furnish those gentlemen with your address?—A. I did.

Q. When?—A. Soon after my arrival in New York.

Q. How; did you call upon them?—A. I called upon Mr. Reid.

Q. Where?—A. At his house, No. 23 Park avenue.

Q. Did you leave your address there?—A. I think I did; I usually do so.

Q. How often did you call upon Mr. Reid?—A. Once.

Q. Did you see him at the Hoffman House?—A. I did not.

Q. Did he call upon you?—A. I never received his card if he did.

Q. You have no knowledge of his calling?—A. I have no knowledge of his having called on me.

Q. Who was present at the interview between you and Mr. Whitelaw Reid?—A. At a portion of that interview, and a very small portion of it, there was another man present, whom I never saw before, who had been, I think, a stenographer of Mr. Reid's. During the main portion of the interview nobody was present.

Q. When did you first meet Mr. Jennings, of the Times?—A. I never met him at all to my knowledge.

Q. How can you swear that he knew your address?—A. I sent him my card.

Q. In a letter?—A. In an envelope.

Q. Did you know him personally?—A. I did not.

Q. You never met him?—A. No, sir.

Q. Never had any conversation with him?—A. I never did to my knowledge.

Q. Did you send him messages through your confidential clerk or assistants?—A. Well, yes, I suppose I did.

Q. Have you contributed the correspondence of the New York Times which appears in that paper, signed "Side-view," "Cut-off," and "Accountant"?—A. I have not, sir; I did not contribute any of them.

Q. Did you know of their being prepared?—A. I am not going further with that answer unless directed to do so by the committee.

Q. Were they prepared at your instigation?—A. I will not go further with that line of inquiry unless the committee directs it.

Q. I will inquire if they were upon the subject of the Pacific Mail Steamship Company?

The WITNESS. And not in relation to Washington?

Mr. BELL. I think they did relate to Washington.

The WITNESS. They did not.

Q. You have read them?—A. I have.

The chairman here directed counsel to specify the particular articles if he desired to interrogate the witness further upon the point at issue.

Q. Have you been instrumental in publishing any articles in the New York Times in relation to the Pacific Mail Steamship Company since this investigation commenced?—A. I have not, sir.

The CHAIRMAN. That is a little too broad. It should be "in reference to this inquiry."

A. I have not, sir.

Q. Which would affect this inquiry? You claimed that the articles which I have named do not affect this inquiry?—A. I have had personal communication with the reporters of all the New York papers, and with anybody else who came to see me during the pendency of this inquiry, and therefore if the answer applies to that it will mislead everybody.

Q. Were the articles published in the New York Times hostile to the Pacific Mail Steamship Company inspired in any way directly or indirectly by yourself?—A. Which articles do you now speak of?

Q. The articles signed "Side-view," "Cut-off," and "Accountant."—A. None of these communications relate to the subject-matter of this inquiry. I would as lief answer that question, but the committee are going away beyond the subject of the inquiry.

The CHAIRMAN. The committee desire merely to permit Mr. Bell to ask you the proper question of whether you entertain a hostile bias to this company.

The WITNESS. I entertain toward this company precisely the feeling that anybody would who had been sued by them for \$750,000 which he did not owe them.

The CHAIRMAN. We do not ask whether the feeling is a just one, but whether it exists.

The WITNESS. Why don't they ask me if it exists? I will say that it does, and that will end the question.

Q. Do you entertain hostile feeling toward the Pacific Mail Steamship Company at present?

The WITNESS. As a corporation, do you mean?

Mr. BELL. As a corporation?—A. I do not.

Q. Have you not just stated, in the hearing of the committee, that if I put the question to you, you would say that you did entertain hostile feelings?—A. You put the question in a different form from what I expected. If you put it that I entertain hostile feelings against certain members, I will reply to you.

Q. Do you entertain hostile feelings toward the present management of the Pacific Mail Steamship Company?—A. As a management I do not.

Q. What did you mean by saying, a few moments ago, that you did feel hostile because you had been sued for \$750,000?—A. I regard it as the act of three men.

Q. I ask you what you meant when you made that answer?—A. I meant precisely that.

Q. Do you limit your hostility to three men?—A. I do.

Q. Who are they?—A. Mr. Rufus Hatch, Mr. Trenor W. Park, and Mr. Russell Sage. Mr. Park and Mr. Sage have recently retired from the management.

Q. Do you think Mr. Rufus Hatch had anything to do with the bringing of that suit?

The CHAIRMAN. I think that is as far as we can go.

The WITNESS. I would like to answer that question.

By Mr. BELL:

Q. Would that hostility to the individuals whom you have named justify you in taking steps which injured a corporation of the magnitude and importance of the Pacific Mail Steamship Company?

(Question overruled.)

Q. On page 499 of your testimony, you seem to negative the idea that King was actually employed by any one. Is it a fact that you did not employ William S. King yourself, in any way or manner, directly or indirectly?—A. It is.

Q. Is it true, of your own knowledge, that you cannot say that he was employed?—A. I do not know of my own knowledge; I only know it from inference from Mr. Stockwell's statement to me.

Q. You have no personal knowledge of your own, and no information, except inference, that he was employed. You drew the inference that he might have been employed by Stockwell?—A. Yes, sir.

Q. But you cannot swear positively that he was?—A. I cannot.

Q. That is your position upon that subject?—A. Yes, sir.

Q. Do you know whether King was employed by Stockwell?—A. I do not, except from what Mr. Stockwell told me.

Q. I will repeat the question. I wish this to be explicit. Was Mr. William S. King ever employed in this connection by Mr. Stockwell?—A. I think he was.

Q. But you do not know?—A. I do not know positively of my own knowledge.

Q. You say that Mr. King was aware that Mr. Stockwell was engaged in large stock operations?—A. Yes, sir.

Q. How large stock operations was Mr. Stockwell engaged in?—A. I have not the slightest idea.

Q. How do you know that King was aware of that?—A. Because he spoke to me about it.

Q. You stated also that you were aware that Mr. Stockwell was engaged in large stock operations?—A. From notoriety.

Q. Also from Mr. Stockwell, did you not?—A. I had the general impression from what he stated that he was engaged in large stock operations. He never told me so in so many words.

Q. You talked to him very often about these stock operations, and understood him to say that whatever money he received in the matter he received from a stock-pool; is that true?—A. I did not say that I understood him to say that. I have been informed that he said so.

Q. Did he say so to you?—A. He did not.

Q. Do you know from any reliable sources that his interest in that affair was received from a stock-pool?—A. I know nothing about it. I have stated my own impression, that the money was paid to him by me for his services; that was my understanding. I have also stated that Mr. King, who is absent, I understood, said that he received the money from a stock-pool, but that that was not my impression.

Q. Was King interested in Stockwell's stock operations within your knowledge?—A. Not within my knowledge.

Q. From any information derived from Stockwell?—A. Nor from any body else.

Q. Was King operating in the stock of the Pacific Mail on his own account within your knowledge?—A. I know nothing at all about it.

Q. Did Stockwell direct you to pay any sum of money to King, naming the sum?—A. He did not.

Q. Did he ever direct you to pay any money to King without naming the sum?

The WITNESS. Do you mean in so many words?

Mr. BELL. Yes, sir.

A. No, sir.

Q. Did you consider that you paid the \$125,000 to King by Stockwell's direction?—A. I did.

Q. Would you have paid it to him unless you understood that it had been directed by Stockwell?—A. I would not.

Q. Did King's services and employment in any way relate to his duties or office as postmaster of the House?—A. They did not.

Q. In no way?—A. In no way.

Q. Was he called upon to do anything, directly or indirectly, in relation to his duties in such office of postmaster?—A. No, sir.

Q. And particularly not in violation of his duty?—A. That is my understanding of it, sir.

Q. Is that true of the doorkeepers?—A. That is my understanding of their case, also.

Q. Were they ever required to do anything in violation of their duty as doorkeepers of the House?—A. Not as I understand their duty.

Q. So far as you know?—A. So far as I know and so far as I understand their duties.

Q. Did you tell King that his services in Washington were for the individual account of A. B. Stockwell and in the interest of his stock operations?—A. No, sir.

Q. Did he give you to understand in any conversation that his operations here related to private understandings between Stockwell and himself?—A. No, sir.

Q. Did you tell King that Stockwell furnished the money out of his own pocket, and that it was not costing the company?—A. I think not.

Q. You did not tell King that?—A. I think not. I do not think I ever said anything to Mr. King about it.

Q. Did you have really, then, as you state, any authority whatever over King's movements or actions if you made no contract with him?—A. I think I did.

Q. You made no contract with him?—A. No, sir.

Q. He never agreed with you to do anything?—A. No, sir.

Q. How did you have any authority over his movements or actions?—A. Are you speaking of rightful or actual authority?

Q. Rightful authority by virtue of a contract?—A. Are you speaking of actual authority?

Q. We will take rightful authority first?—A. That is almost a question of ethics. As a matter of fact I exercised control over Mr. King's movements after the failure of the bill in the House the first time.

Q. The question is, having stated that you had no contract whatever with Mr. King, did you claim to exercise any authority over Mr. King's movements or actions in the matter?—A. I have said that I did exercise it. If you desire a further answer to the question, I will say that I did not exercise it by virtue of any contract.

Q. You claimed to exercise it?—A. I did exercise it.

Q. Did you have a right by virtue of any agreement between you and him to exercise it?—A. No, sir.

Q. Did Mr. King ever return to you any part of the \$125,000?—A. Not a cent.

Q. Neither directly nor indirectly?—A. No, sir.

Q. Nor to anybody for your account?—A. No, sir.

Q. Did King ever recognize, so far as you know, your authority to direct and control his movements and actions?—A. I think he did. After the bill failed the first time in the House he recognized my authority, I think, in everything.

Q. Was it a distinct recognition of your authority to control his movements, or a deference to your superior judgment as to what was the best policy?—A. Well, that is a fine point. I cannot tell.

Q. In your judgment, which was it?—A. In my judgment he recognized me as having entire charge of the measure.

Q. You say that you believed that Mr. King's efforts in the House were doing more harm than good?—A. I think I did say so. I referred to his speaking to members on the floor, and to the natural enemies of the bill.

Q. Did you so advise him?—A. I do not know whether I said it to him in so many words. I think I did. I would have been very likely to have done so.

Q. You requested him not to take any further interest in the measure in the House?—A. I think I did. I do not recollect any particular occasion on which I said so. I would have been very apt to have told him just what I thought about it, as I would to you or to anybody.

Q. That was your opinion?—A. Yes, sir.

Q. And you think you expressed it to him?—A. I think so only from what my general custom is. I generally express my opinion, if I have one.

Q. Do you know whether he did cease to take any interest in it in the House end?—A. My impression is that he did.

Q. You say that you did not go yourself to the House end?—A. I am speaking of habit or custom. I may have been here several times, but I mean I did not come here to look after the measure personally.

Q. You did not attend constantly?—A. No, sir; I was here on several occasions.

Q. It was not your habit to come to the House?—A. I mean my business was not transacted here. I was here when the bill was pending, for example; when it was under discussion.

Q. You were, however, occasionally in the House end of the Capitol?—A. Very, very seldom.

Q. When you did tell Mr. King that he should go over to the Senate side to work, was he bound to go by any contract or agreement of which you have any personal knowledge?—A. He was not.

Q. Do you know whether in point of fact he did go over there?—A. I really don't know anything about it.

Q. Have you any knowledge derived from Mr. King of what use he made of any part of that money?—A. Not the slightest.

Q. He never gave you any information as to the disbursement?—A. He did not. I never saw him afterward—yes, I did; I saw him in San Francisco. He never gave me any information whatever.

Q. Did Mr. King furnish you, at any time, a list of the members of either House of Congress whom he thought he could influence or control?—A. No, sir.

Q. Did he at any time indicate to you that he could exercise an influence upon any particular member of Congress, indicating the member?—A. Not except by handing the general tally-list, which I have spoken of in my testimony, which all the men in my employ did.

Q. That would be a statement of how men stood?—A. Yes, sir; that is all; not otherwise than that.

Q. I am not inquiring as to that.—A. Well, then, he did not. I did not want to mislead you by my answer.

Q. Did he never indicate to you that he gave any of this large sum of money so paid to him to influence the vote of any particular person?—A. No, sir.

Q. Why did you think he could be of more influence in the Senate than in the House?—A. Because I did not think he could be of any influence in the House. As I stated, I thought his services there did more harm than good. I further thought that if he was going to be useful anywhere, it must be in the Senate.

Q. Your criticism upon Mr. King was that he spoke to the enemies of the bill?—A. Yes, sir; as well as to the friends.

Q. If that was Mr. King's weakness, would he not develop it the same in the Senate as in the House?—A. I should think he might.

Q. Did you think so when you directed him to go to the Senate?—A. I never thought anything about it. Of course, if I had thought anything about it, it would have been that.

Q. What alterations did you make in your testimony before the committee in regard to the intentions with which you came to this country?—A. I did not make any.

Q. Did you not swear before the committee that you came to this country to ruin the Pacific Mail?—A. I did not. When you say alterations I do not refer to corrections.

Q. I mean corrections.—A. I did correct my testimony, because the stenographer had left out some words which I used, and had altered other words which I used.

Q. Did you not state in the beginning that you came to this country to ruin the Pacific Mail?—A. I did not. I never said such a thing in my life.

Q. You were incorrectly reported as so saying?—A. A comparison between the first and second reports will show every discrepancy.

Q. Did you state to a passenger on the steamer when you were coming to this country that you were coming to the funeral of the Pacific Mail Steamship Company?—A. I do not think I did; but I might have said so. I might have said so as a matter of jest.

Q. Did you say so to Mr. Palmer?—A. I do not think I did.

Q. Do you remember Mr. Palmer?—A. I do.

Q. Did you not say that to him directly, and not in jest?—A. I think not. I never said it to anybody excepting in jest.

Q. Did you ever say it to him in jest?—A. I may have done so. I have said it to several persons in jest.

Q. What persons have you said it to in jest?—A. I think very likely Mr. Palmer was one of them. He asked what I was coming back for, and I said I was coming to a funeral.

Q. Did you state to what funeral?—A. I do not remember whether I did or not. I would have done so if he had asked me.

Q. What other persons have you said that to?—A. I cannot remember it at all.

Q. You say you have stated it to several persons?—A. I think I made that remark to a gentleman named Turner.

Q. What Turner?—A. Mr. Herbert Turner.

Q. Where does he reside?—A. At Englewood.

Q. Did you make the same remark?—A. I think I did. I think I told Mr. John Wyman the same thing.

Q. Where does he reside?—A. In New York.

Q. Did you not make the same statement to Mr. Johnson, the secretary of the company?—A. I believe I did.

Q. Did you not tell him that you came here "to wreck and ruin the Pacific Mail"?—A. No, sir; I never said that.

Q. Did you not tell him that you came here for the purpose of wrecking the Pacific Mail?—A. I never said that to him or anybody else.

Q. Did you not say that you came here to wreck the Pacific Mail?—A. I never said that to him or anybody else.

Q. Did you not tell him that you would have it in the hands of a receiver in ninety days?—A. No, sir.

Q. Or that the company would be in the hands of a receiver in ninety days?—A. I think not.

Q. Did you state that to any one else?—A. I think that I have said that that was altogether likely.

Q. Was that also said in a jest?—A. No, sir.

Q. You were serious about that?—A. I think I was. I was stating it as a probability, not as my intention. I had no intention in reference to it.

Q. Why did you state it?—A. Because I thought that that was very likely to be the case.

Q. Did you say that out of friendly feeling to the company?—A. I did not say it out of friendly or hostile feeling, but upon my judgment of the statements which they had made and had not made.

Q. What statements do you refer to?—A. I refer to the statement of their assets and liabilities published prior to the beginning of December, and the statement which they were going to publish and never did publish.

Q. You could not refer to a statement that was not published?—A. I referred to the fact of a statement which they published which was going to expose the correctness of their reports against former statements, and which never was issued. What I meant by speaking of a receiver was, that I had heard it spoken of in New York, and in fact it was alluded to in the newspapers, that the stockholders were going to begin proceedings to put the company in the hands of a receiver; and it was spoken of in one paper, for example the New York Times, that the legislature would do so. The Attorney-General was spoken of as a party who would bring proceedings against them.

Q. How do you know this?—A. I saw it in the paper.

Q. What paper?—A. The New York Times, among others.

Q. At what date; before that statement was made?

The WITNESS. Do you mean before I said that?

Mr. BELL. Yes, sir.

A. O, yes, and since.

Q. Have you acted, either directly or indirectly, with a view of endeavoring to put the company in the hands of a receiver?—A. I have not; how could I do anything of that kind?

Q. I am only inquiring as to what you have done.—A. I have been in jail, if that is any way of doing things.

Q. Do you claim that in the receipt of that \$750,000, on the 24th of May, you were acting as the agent of the company?—A. I do not.

Q. Do you claim that you were acting as the agent of the company in the disbursement of any portion of that money?—A. No, sir.

Q. Do you swear positively that you were not acting as the agent of the company?—A. That is a matter of law.

Q. Do you so state that you were not the agent of the company in this disbursement?—A. I do, in my judgment.

Q. You swear that you were not the agent of the company in its receipt?—A. In my judgment, subject to the opinion of the supreme court of the State of New York.

Q. Your relation as agent of the Pacific Mail Steamship Company was as the agent at San Francisco?—A. Yes, sir; as one of the agents.

Q. On a salary?—A. Yes, sir.

Q. Was any portion of this \$750,000 expended in the line of your duty as the San Francisco agent?—A. No, sir; it was not.

Q. None of it?—A. None of it.

Q. And your claim for the expenditure of this money, as I understand you, is, that you were an independent contractor, having a contract by which you were to receive a certain sum of money for doing a certain thing?—A. Yes, sir.

Q. And not an agent?—A. No, sir.

Q. Did you draw your salary during the time of this expenditure?—A. I did.

Q. And you acted in this position also as agent at that time?—A. I did.

Q. That relation continued until when?—A. It continued until the 31st December, 1872.

Q. Has your account as agent at San Francisco yet been closed with the company; has it been formally closed?—A. The whole balance was transferred to the account of my successor.

Q. That had to be done immediately upon the change of agents, had it not?—A. No, sir.

Q. Had there been a formal statement made otherwise than that?—A. I think not.

Q. You made a formal transfer of the agency by making a statement of what was in your hands?—A. Yes, sir; and took the receipt for the amount which I handed to him. The whole balance was transferred to his credit, and thereby the account was closed.

Q. That bound your successor only for the amount for which he signed the receipt?—A. Certainly.

Q. And left you to settle with the company for all transactions up to the date of that transfer. If there had been any irregularity in your accounts prior to that date, the succeeding agent would not have been in any way connected with them?

The WITNESS. Do you mean personally?

Mr. BELL. Yes, sir.

A. He would not.

Q. Have you stated when you were first aware that any portion of this money was transferred to the account of Eldridge & Irwin?—A. Did I say it was about April, 1874? I think that was the time. I never heard of it until then. It was about two years afterward. I do not remember the exact date.

Q. I now come to the employment of R. C. Parsons. In point of fact, you never employed R. C. Parsons in any capacity whatever?—A. I never did.

Q. Is it not true that the company never employed him at all, your knowledge?—A. I do not know anything about that.

Q. Do you know that he was Mr. A. B. Stockwell's private counsel?—A. I do.

Q. So far as you know, were not his relations here those of A. B. Stockwell's counsel?—A. Yes, sir.

Q. Do you not know, in point of fact, that the payment to R. C. Parsons, even if paid by the company, was charged to Mr. Stockwell's private account?—A. I do not know; I do not know anything about it.

Q. Do you know whether he did receive any money from the company?

The CHAIRMAN. Do you mean any of those payments which entered into the \$750,000?

Mr. BELL. Yes, sir.

The WITNESS. I understand you to mean the other payment made, the \$12,000, or whatever it was.

Mr. BELL, [to the witness.] Take the \$1,500 which was paid him by Mr. Abert; was not that, in point of fact, paid from Mr. Stockwell's private account?—A. Yes, sir; it was paid for his private account, or that is my understanding of it.

Q. It was your understanding of it at the time?—A. Yes, sir.

Q. You have no doubt that that is a fact, have you?—A. No, sir, none whatever, after reading the testimony.

Q. On page 513, on the 14th of February, there is a charge of \$40,000; you say that is a false entry?—A. Yes, sir; I think so.

Q. What do you mean by saying that is a false entry?—A. It is an entry which does not correctly express the time, place, and circumstances.

Q. Can you swear positively that you did not receive that amount from the company on that day?

The WITNESS. Do you mean on the 14th February?

Mr. BELL. Yes, sir; or any other day near that.

A. I can state positively, because I did not receive it from anybody until the 26th of February. That is shown by my bank-account.

Q. You might have received it and not deposited it immediately?—

A. That was Mr. Stockwell's check which I deposited. I recollect the circumstance positively.

Q. You have so stated, but is it not possible that you received \$40,000 from the company on or about the 14th of February?—A. Do you mean in addition to that? O, yes, it is possible, but I do not believe that I did.

Q. You have no recollection of it?—A. None, whatever; and my recollection is such as to exclude it.

Q. If a check for that sum was shown to have been received by you, would that change your view of it?

The WITNESS. Do you mean if it was dated on the 14th of February?

Mr. BELL. Yes, or about that date.

A. O, yes.

Q. So that you are not positive. You may have received it?—A. By the extreme limits of possibility I may.

Q. You received from Mr. Stockwell individually a check on the 26th of February for \$40,000?—A. Yes, sir.

Q. How was that sent to you?—A. It was sent to me in the letter of the 13th of February. I did not receive it on the 26th of February.

Q. I understood you to say so.—A. I did, but my mind was directed to the point of payment, and not to the receipt of the paper. I received the check about the 14th of February in that letter of Mr. Stockwell's.

Q. Is that the \$40,000 check that you received from Mr. Stockwell in that letter of the 13th?—A. Yes, sir; that is the one.

Q. Then the item of \$40,000 charged to you by the company on that day of course could not be that check?—A. No, sir; because that was

Mr. Stockwell's individual check on the Manufacturers and Merchants' Bank.

Q. And the explanation which you give wholly relates to Mr. Stockwell's check of \$40,000 which was in that letter?—A. Yes, sir.

Q. And not to any other check?—A. And not to any other check.

The further examination of the witness was here postponed to Wednesday morning at 10.30.

WILLIAM H. McALLISTER sworn and examined.

By the CHAIRMAN:

Question. What is your name and residence?—Answer. My name is William H. McAllister, and I reside in New York City.

Q. What is your business?—A. I am a journalist.

Q. How long have you been engaged in that business?—A. Since 1869.

Q. Are you engaged in any other business at present?—A. No, sir.

Q. Are you acquainted with Mr. Schumaker, a member of the House?—A. Yes, sir.

Q. When did you first become acquainted with him?—A. About the fall of 1873.

Q. Had you any business connections with him at that time?—A. No, sir.

Q. Have you ever been engaged in any business relations with him?—A. No, sir.

Q. Have you seen him since you came here yesterday?—A. Yes, sir.

Q. When did you first see him?—A. Last evening.

Q. What led you to Mr. Schumaker if you had never had any business with him?—A. He has been an intimate friend of mine, and was so while I was here as correspondent here last year for the Eagle. He was a representative from the same city and was pushing a bill through then for a building which we were anxious to have pushed.

Q. That led to your interview last evening?—A. No, sir; that did not lead to it. I called to see him because he was a friend, and I have explained in what way the friendship existed.

Q. Did you have any conversation with him about the matter of the Pacific Mail inquiry here?—A. Yes, sir.

Q. Did you have any conversation with him in reference to your testimony here?—A. No, sir, except to express my surprise that I was summoned, and wanted to know if he knew why I had been summoned.

Q. Do you say you first knew him in the fall of 1873?—A. Yes, sir.

Q. Have you performed any services for him in any capacity?—A. He would be better able to judge whether it was a service or not.

Q. I ask you.—A. I can explain how the service was rendered, if it was a service.

Q. I am not asking you to explain; I asked you if you had performed any service for him?—A. I do not know whether he would call it a service.

Q. I ask you the question.—A. I suppose it might be. I do not know.

Q. What was it?—A. Nothing more than to represent that his efforts here for the interests of Brooklyn were the best, and were just what they should be—pleasant notices, whenever I had occasion to make them.

Q. Nothing except notices in the newspapers?—A. That is all.

Q. You never acted in the capacity of clerk for him?—A. Not for him. I might have acted in the capacity of clerk for myself in copying

documents which he had, but they were for transmission through the mail to my paper.

Q. Do you know Mr. Lyman Ellmore?—A. No, sir; I do not know that I ever saw him.

Q. Were you here in 1872?—A. No, sir.

Q. When did you first come here?—A. In November or December, 1873. I came then as correspondent for the paper. Theretofore I had not known Mr. Schumaker.

Q. Before you came to this city, in the fall of 1873, did you know anything in reference to the Pacific Mail?—A. Nothing but what any one might have learned from general observation or reading.

Q. Did you have any connection with the representatives of the Pacific Mail in any capacity; I mean with directors or others?—A. I had in a friendly way; not in a business or an official way.

Q. With whom had you such friendly relations, if you have no objections to stating?—A. I have met Mr. Roach at my home as a friend of the family. He has been such for years.

Q. I mean previous to the fall of 1873?—A. I say I may have met Mr. John Roach in 1870.

Q. I meant officers or directors of the company.—A. Mr. Roach is a contractor. I thought you meant business representatives, and I did not understand but that he might have been one. I may, in a newspaper capacity, have met those gentlemen, but not in reference to Pacific Mail. I may have interviewed them.

Q. Do you know anything about Mr. Schumaker's receiving any money from the agents of the Pacific Mail Company?—A. No, sir.

Q. Do you know anything about his having disbursed any money?—A. No, sir.

Q. Did you ever hear him say anything about it?—A. Nothing, except what I might have heard last evening. I do not know exactly what he did say last evening.

Q. What was that you said?—A. I do not know whether I heard him say anything in reference to it.

Q. Do you say you don't know what he said last evening?—A. I say he may have spoken of Pacific Mail. We spoke of it, and I may have jocosely condoled with him on his affliction, and all that sort of thing. I think we did speak in that way, but only jocosely.

Q. After your conversation with Mr. Schumaker, do you know of any fact in reference to his disbursement of that money?—A. No, sir.

Q. Do you know from him, after your conversation of last evening, in any manner that he disposed of any of that money?—A. I do not.

Q. Do you know anything about any settlements by Mr. Schumaker with any member of the company?—A. No, sir.

Q. Do you know anything about the surrender of any checks or other papers by Mr. Schumaker to the company?—A. I do not. I have not been in his intimacy except here.

Q. Where were you in January, 1873?—A. I was on the Brooklyn Union as city editor.

Q. Did you know Mr. Schumaker at that time?—A. I did not. I did not know him until I came here.

Q. Did you have any knowledge of any transactions of his with the Pacific Mail Company or any of its officers at that time?—A. Nothing that I knew of a certainty. As I say, I was city editor of the Brooklyn Union, and Mr. Schumaker was a Representative, and it may have come under my observation that he was an attorney for the Pacific Mail. I do not know, but probably I did know it in that way. I, however,

did not know Mr. Schumaker then, and could not identify him with anything. It did not impress my mind particularly.

Q. Have you any knowledge of an interview between Mr. Schumaker and Mr. Lyman Elmore in this city?—A. No, sir.

Q. Or elsewhere?—A. No, sir.

By Mr. BECK:

Q. What brought you here?—A. A subpoena. I made inquiry last night while I was here to ascertain, and went to Mr. Schumaker, thinking that he might be likely to know.

By Mr. FOSTER:

Q. Have you relatives who have been in the employ of Mr. Schumaker?—A. Not that I know of.

Q. Have you a brother?—A. I have no brother, except an infant.

By Mr. BECK:

Q. Who subpoenaed you here?—A. The deputy sergeant-at-arms.

By Mr. WOOD:

Q. Did you not suspect what you were called for?—A. No, sir.

By the CHAIRMAN:

Q. Were you Mr. Schumaker's secretary during any time that you were here?—A. No, sir.

Q. Or clerk for him, or attending to his business?—A. No, sir.

Q. You had no knowledge of his business?—A. I had information of a little correspondence which took place between some of his constituents and himself while a public building for Brooklyn was under discussion. I then copied some letters and transmitted them in the correspondence which I sent over.

Q. Were those private letters sent to him by his correspondents?—A. No; letters that his constituents wrote to him saying that they did not want him to push this public building. It is altogether aside from this investigation.

Q. You wrote some answers?—A. No. I copied those letters. I was there in his room and copied them. Whenever he received anything that was worth sending over, I copied it.

Q. Was any gentleman present when you had your interview with Mr. Schumaker last evening?—A. A gentleman was there when I went in; he left before I retired.

Q. Do you know who it was?—A. No, sir; I was not introduced.

Q. Have you communicated to anybody that you had an interview last evening with Mr. Schumaker?—A. Yes, sir; I stated at the breakfast-table that I had had, and I may have also stated so to a gentleman whom I met at the Ebbitt House.

Q. Who was that gentleman?—A. Mr. Jerome B. Wass, of Brooklyn. I do not know whether I said I had been to see Mr. Schumaker or not. I only said I was on here, and I was treated so mysteriously that it was sufficient reason for my remarking to a friend that I was wondering what was to be done with me. I was under custody and surveillance for some time.

Q. How long was it after you went out of my room before you went to Mr. Schumaker?—A. Immediately. I was released from custody then.

Q. How long after you went to Mr. Schumaker's was it before you left?—A. About fifteen minutes, I think.

Q. Did you not stay there more than fifteen minutes?—A. No, sir; I went to my dinner.

Q. Did you see him afterward?—A. O, no; I saw him but once. I only had one interview with him.

Q. And that of only about fifteen minutes' duration?—A. That is all, sir; and then a gentleman was present most of the time.

Q. You do not know who that gentleman was?—A. I do not; I should know him were I to see him.

By Mr. ROBERTS:

Q. Did Mr. Schumaker ask you what you would testify to here?—A. No, sir; Mr. Schumaker was very much surprised. He was on his bed, and when I went in he jumped up in surprise and said, "What has brought you here, Mack?" I then said, "I don't know. You brought me here, I should judge."

Q. What made you think he had brought you here?—A. I said that because I happened to know Mr. Schumaker, and was intimate with him last winter. I supposed I had been called for that reason. We then talked about the investigation, and he said, "I was told that they were going to get my private secretary, and I told them I had not any private secretary; that I never was bothered with one." I said, "No; I don't remember that I was private secretary to you." He said then, "You must be the man whom they associated with the idea of a private secretary." He said, "You don't know anything about Pacific Mail?" I said, "Of course not." He says, "I don't know that I ever breathed a word to you about it." I told him I did not think that he ever had, for at that time I was busy with other matters.

Q. So he did in fact suggest what you would testify to?—A. O, no, sir; I did not understand that it was a suggestion at all.

Q. You said that you would testify that you knew nothing about the Pacific Mail?—A. O, no. He said, "I have never spoken to you about it; have I, Mack?" And I told him no, I did not know that he ever had.

By Mr. KASSON:

Q. Do you know who his private secretary was?—A. I did not know that he ever had one.

Q. Having alluded to it, I thought you might know.—A. No, sir. He himself said that he never had any.

By Mr. ROBERTS:

Q. You talked over, then, what you were to testify to, and there was no discrepancy between you?—A. Not at all; we did not talk it over at all. About the only question was this: he says, "Why, Mack, I never have spoken to you about it." "No," I said, "I never remember of your speaking about Pacific Mail to me until this last evening."

Q. What particular reason was there why, the instant the officer, or Sergeant-at-Arms, let you go free, you went to see Mr. Schumaker?—A. Because I had wanted to see him all the afternoon. I supposed that I had been summoned by him for something or another, and I did not know what else to think.

Q. Did you call on the other Representative from Brooklyn?—A. No, sir. Mr. Woodford is not here.

Mr. ROBERTS. Mr. Chittenden is the other Representative.

The WITNESS. He was not here in 1873, when I was here. I have not been here this year.

Adjourned.

WASHINGTON, D. C., *February 3, 1875.*

WILLIAM M. TENNEY sworn and examined.

By Mr. KASSON :

Question. Where do you reside ?—Answer. Corning, Iowa.

Q In whose employment were you in the spring and summer of 1872?—

A. I was employed in the banking-house of Jay Cooke & Co., Washington.

Q. What were your special duties in that bank ?—A. I was a sort of general manager of the house—chief clerk you might perhaps call it.

Q. Had you any personal acquaintance at that time with John G. Schumaker ?—A. I had not.

Q. Examine these two checks, issued by the Brooklyn Trust Company on the Marine National Bank of New York, dated May 30, 1872, for \$50,000 each, payable to the order of John G. Schumaker, and state to the committee what knowledge, if any, you have touching their payment.—A. I recognize my indorsement on these checks. The checks passed through the banking-house of Jay Cooke & Co., because they have my indorsement upon them, and would not have if they had not done so.

Q. Now look at this certificate of deposit issued by Jay Cooke & Co., dated June 3, 1872, for \$90,000, in favor of John G. Schumaker, and state the transaction in reference to the checks and the certificate of deposit.—A. I do not recollect the transaction at all. I recognize these checks as having been through the bank, and I recognize the certificates as having been issued by the bank. The certificates are signed by me. The pencil initials on the checks are Henry D. Cooke's. The checks were probably cashed on his identification on the indorsement.

Q. Can you connect that \$90,000 certificate of deposit with those checks ?—A. I cannot, without the books of the company.

Q. You have no recollection beyond what appears on the face of these papers, without consulting the books ?—A. No, sir.

Q. You have no independent recollection now in reference to the issue of these certificates of deposit ?—A. No, sir.

Q. You will observe on the back of the certificate of deposit for \$90,000 some pencil figures, reciting, "\$30,000 ; paid ; 6 5 72."—A. There was probably \$30,000 in money paid, and a certificate issued for the balance. I should think, from the connection, that these two checks were cashed by the payment of \$10,000 in money, and by the issue of a certificate of deposit for \$90,000, and that this certificate was paid by \$30,000 in cash, and a new certificate for \$60,000, which new certificate is dated June 5, 1872.

Q. You observe on the back of the certificate for \$60,000 a receipt for \$15,000 indorsed thereon, signed by John G. Schumaker. Have you any recollection of that transaction ?—A. No, sir ; no special recollection of it. I thought first that that receipt was in my handwriting, but I do not think now that it is.

Q. Do you know in whose handwriting are the words, "Balance \$45,000 ; paid June 7, '72?"—A. I should think they are in my handwriting, but I am not sure about that ; it looks very much like my writing ; I wrote very carelessly and hurriedly.

Q. Is the pencil indorsement on the first certificate, showing \$30,000 paid, in your handwriting ?—A. No, sir ; that is not mine ; I do not know whose it is.

Q. Refreshing your recollection by these papers, but without the books of the bank, can you make any statement touching the manner

of the issuance of the certificates, or the payment thereon?—A. No further than I have stated. I suppose that that is the way they were paid; that the checks were paid first by \$10,000 in cash, and a certificate for \$90,000, and that then the \$90,000 certificate was taken up by the payment of \$30,000 in cash, and the issue of a new certificate for \$60,000, which seems to have been paid, \$15,000 on June 6, and the balance, \$45,000, on June 7.

Q. Will you examine the books of the bank, when it is practicable, and then come before the committee to-morrow and give a further statement?—A. I will.

The witness appeared before the committee the following day, and testified as follows:

By Mr. KASSON:

Q. Have you before you now the books of Jay Cooke & Company, containing the entries relating to the transaction on two checks, as to which you were inquired of at your previous examination?—A. I have.

Q. With these books before you, state what entries you find relating to these checks.—A. I find charged to Jay Cooke & Company, of New York, as remitted to them on the 3d of June, 1872, two checks for \$50,000 each, drawn by the Brooklyn Trust Company on the Marine National Bank of New York, in favor of and indorsed by John G. Schumaker.

Q. It is simply an entry of the amount?—A. Yes.

Q. To whose account is it charged?—A. It is charged to Jay Cooke & Co., of New York, as remitted to them for the account of Jay Cooke & Co., Washington.

Q. To whose credit were the checks put at the banking-house of Jay Cooke & Co., Washington?—A. I find on the same date a certificate of deposit for \$90,000, issued to John G. Schumaker. There are no other entries of such a large amount on that date, so that it would seem that these two checks were paid by a cash payment of \$10,000, and by a certificate of deposit to the order of John G. Schumaker for \$90,000.

Q. The \$10,000 being paid over the counter?—A. I presume so. That would appear to be the way in which it was done. There would have been some credit if it had been done any other way.

Q. You mean that the \$10,000 was paid without any check for that sum?—A. There would not have been any check for it. The two checks would be either all in money, or put to the account of some one. The \$90,000 certificate accounts for \$90,000 of the amount, and the \$10,000 must have been paid in cash over the counter.

Q. The checks on the Marine National Bank being treated and paid in the same manner as if they had been checks on Jay Cooke & Co.?—A. Yes.

Q. So that no man's name appears upon the books in connection with it, except in the certificate of deposit?—A. That is all.

Q. Have you any recollection, now that your memory is refreshed by the books, of any person presenting those checks?—A. No, sir; I have not. I have no recollection of their payment.

Q. In whose handwriting is the first entry of the New York checks on the books?—A. The entry on this remittance-book is made by a young man named Barton, who used to write up the books. He had nothing to do with them, but to write up the books in the afternoon.

Q. Who was the paying-teller at that time?—A. Mr. John Sherman, I think.

Q. Then, ordinarily, Mr. Sherman would have received these two \$50,000 checks, paid the \$10,000 on them, and delivered the certificate of deposit for \$90,000 to the party presenting the checks?—A. Yes; and if I recollect right the certificate which was shown me yesterday, it was filled up by Mr. Sherman, in his handwriting.

A. Pass now to the \$90,000, certificate of deposit; what do you find on the books relating to it?—A. On June 5, 1872, I find that the \$90,000 certificate was charged up as paid, and a new certificate to the order of John G. Schumaker issued for \$60,000. As there are no other entries connected with it that certificate for \$90,000 must have been paid by \$30,000 in money and by a new certificate for the balance, \$60,000.

Q. Is there no entry of any person's name on the books as entitled to that sum, or as indicating to whom the \$30,000 was paid?—A. No, sir; except that the \$60,000 certificate is issued payable to the order of John G. Schumaker.

Q. According to the books and papers the \$30,000 must have been paid to John G. Schumaker?—A. Yes, or to whoever presented the certificate. If the certificate was presented indorsed by John G. Schumaker, the money would have been paid to whoever presented it.

Q. Would it indicate in the ordinary course of business the payment of the \$30,000 to him?—A. It would indicate it, but would not prove it. Any outsider might have presented that certificate indorsed by John G. Schumaker, and might have received \$30,000 in money and \$60,000 in a new certificate. There is no positive proof by that that it was paid to Mr. John G. Schumaker. If it was properly indorsed, it would have been paid to whoever presented it.

Q. Refreshing your memory by these entries and papers themselves, have you no recollection whatever of the party to whom that money and the last certificate of deposit were paid?—A. No, sir; I have not.

Q. In the ordinary course of business would Mr. Sherman have been the party who would have paid that money and delivered the last certificate?—A. Yes, sir.

Q. Is there any entry whatever relating to the payment of this remaining \$60,000?—A. Yes, sir; on June 7, 1872, I find that the \$60,000 certificate is charged up as being paid, and no new certificate issued, and no amount near to that placed to the credit of any one on that day, so that the whole \$60,000 must have been paid. The entries on that certificate shown me yesterday show that it was paid by \$15,000 on the 6th and by \$45,000 on the 7th.

Q. Was there any entry in the books touching the party to whom that was paid, or who presented it for payment?—A. No, sir; nothing at all. There would not be; we never kept a record of that kind. If the certificates were properly indorsed, that was all we required. This certificate being drawn to the order of John G. Schumaker, if it was properly indorsed, that is all that we required, and that is the only record we kept of it.

Q. The money must have been given to him or to some person who brought the certificate with his indorsement upon it?—A. Yes.

Q. Do these statements comprise all that you know in regard to this transaction, either as gathered from the books or after careful consideration of your own memoranda?—A. Yes, sir.

Q. You have no recollection whatever which would enable this committee to ascertain who received these various sums of money from the bank?—A. No, sir; I have no recollection of the matter.

By Mr. BURCHARD:

Q. Ought not that \$15,000, which appears by this indorsement on the \$60,000 certificate to have been paid on the 6th of June, to appear on some of the books or memoranda of Jay Cooke & Co.?—A. No, sir; we ordinarily did not pay certificates in that way. This \$15,000 seems to have been paid and indorsed on the certificate, and there must have been a memorandum or docket which went in as cash that day, or perhaps it was the certificate itself.

Q. Who was the teller who made these payments?—A. I presume that they were made by Mr. Sherman. There would be nothing to show a transaction of that kind, as that was not the ordinary way of paying certificates.

Q. It was such an unusual transaction, and such a large amount, that you might have some recollection of it.—A. No, sir; we handled large sums continually. There was nothing unusual in the amount.

Q. Were \$60,000 payments customary in your bank?—A. We made payments larger than that.

Q. Yes; but these were not common or usual?—A. We handled large amounts continually, so that they made no impression at all as being unusual in regard to the amount.

Q. Mr. Riggs testified before this committee that the \$50,000 check cashed in his bank was a large amount.—A. It may have been for that bank.

Q. Is there any entry in reference to the \$60,000 in the teller's book of June 7th?—A. [Referring to the book.] Yes, there it is.

Q. Ought there not to appear some memorandum of the payment of the \$15,000?—No, sir; not if it was paid in the way it seems to have been paid. It would have been counted as cash on hand, as representing so much money on hand.

Q. And that was a frequent occurrence there—a payment of \$15,000 on a certificate of deposit the day before the full amount was paid, and no entry made except a memorandum on the back of the certificate?—A. No; it was not a frequent occurrence in that way. Making partial payments on certificates was not usual.

Q. Do you recollect any instance besides this where such payments were made?—A. I cannot recall any now. It was not the usual way of paying certificates of deposit; we usually paid them in full, or paid them by so much cash, and by giving a new certificate for the balance.

Q. Does not the circumstance of the payment of this certificate being made in this way call the transaction to your mind? Is there nothing that refreshes your recollection as to Mr. Schumaker appearing with these checks?—A. No, sir; I have only an indistinct recollection of the transaction—a recollection of somebody presenting a certificate and wanting so much money on it and coming in for the balance next day; but I have no idea who it was.

Q. Then it is possible that there was a conspiracy on the part of somebody to represent Mr. Schumaker and to draw this money in his name, without his personal knowledge?—A. I do not say anything of that kind.

Mr. BURCHARD. I do not see but that such a conspiracy would be possible under your statement.

The WITNESS. If the certificate was brought there with Mr. Schumaker's indorsement upon it, and if that indorsement was correct, that is all the inquiry that we would make. That was the voucher which we would have.

Mr. BURCHARD. But Mr. Schumaker denies having any personal knowledge of the transaction.

The WITNESS. I do not know anything about that. There are the indorsements on the certificates, and that is all that we inquired into. When a person came in for a certificate of deposit, he would deposit the money and leave his signature, and we would pay the certificate on that signature.

Q. You do not recollect that Mr. Schumaker appeared there with a certificate?—A. No, sir. I do not know him at all.

Q. Would you know him now if you should see him?—A. I do not suppose I would.

Q. And you have no personal recollection, independent of these memoranda, of the presentation of the two \$50,000 checks, or of the issuing or payment of the \$90,000 or \$60,000 certificates?—A. No, sir; I have not.

Q. From your knowledge of the business in the bank, what would you say was done in the matter, by reading the indorsements on the certificates, and the entries on the books, in reference to the two \$50,000 checks, as to their ultimate payment?—A. I should say that the two checks were presented, and that the indorsement of Mr. Schumaker was identified in some way, so that we were satisfied that it was his indorsement; that a certificate of deposit for \$90,000 was issued, and \$10,000 paid in each; that then this \$90,000 certificate was presented, properly indorsed, and \$30,000 paid on it in cash, and a new certificate of deposit issued for \$60,000; that then this \$60,000 certificate was presented, and \$15,000 paid on it on June 6, and the balance, \$45,000, on June 7.

Q. To whom were the several payments made?—A. That there is nothing to show, except that they were paid on the indorsement of Mr. Schumaker. The certificates, being indorsed by him, were negotiable, and were paid to whoever presented them.

By Mr. NIBLACK:

Q. Ordinarily, if these two \$50,000 checks had been presented by somebody else than Mr. Schumaker, would you not have required the indorsement of that person? Suppose I had taken these checks there to the bank, indorsed by Mr. Schumaker, would you not have required me to indorse them also?—A. No, sir; I should have required some knowledge that they were properly indorsed, and that they were presented by a proper person. I should not have paid an amount like that to a stranger.

Q. Is it not customary to require the indorsement of the last holder?—A. Yes, sir; it is customary, and that makes me think the money was paid to Mr. Schumaker.

Q. It must have been either paid to Mr. Schumaker or to some person well known at the bank?—A. If the initials of Mr. Cooke were on the check presented to the teller, that would be a notice to him that the checks were all right.

Q. Were not those initials an unusual occurrence, and indicating that it was a special case?—A. No, sir; it was very customary when persons were not acquainted at the counter to go to Mr. Cooke, and he would put his initials on the checks or notes, which initials were notice to the teller that they were all right.

By Mr. BECK:

Q. And with these initials of Mr. Cooke on the corner of the paper you would pay the check to anybody who held it?—A. Yes, sir; unless we had some special reason for thinking that it was not all right; that the indorsement was wrong, or something of that kind.

Q. But when presented by a man whose indorsement was on the checks, or when presented by any other holder, the initials of Henry D. Cooke would ordinarily authorize the paying-teller to pay the money to the man who held the check?—A. Yes, sir.

Q. Do you find on the books any other transaction of \$100,000 to any person in the course of that month?—A. I did not look for that particularly; I have been only hunting up this one transaction. We paid large amounts continually in our Government business, buying and selling bonds, &c. We were continually handling large sums.

Q. In money, or generally in letters of credit or certificates of deposit?—A. Large sums were generally in checks or drafts, or something of that kind.

Mr. BECK. But here was \$100,000 paid in money.

The WITNESS. Not at the one time. There was first \$10,000 paid, and afterward \$30,000, and after that \$60,000.

Q. Is not this \$60,000 payment in cash over the counter a very large payment even for that bank?—A. It is a large amount, but not so large as to cause any inquiry about it, or to impress it specially on my mind.

Q. That receipt for \$15,000 on the back of the \$60,000 certificate is in your handwriting?—A. I think it is; it looks very much like my handwriting, but it is written very carelessly and hurriedly.

Q. Have you any recollection of writing that?—A. No, sir; I have only this vague, indistinct recollection of money being paid on a certificate, (probably \$15,000,) and of a person saying that he would come for the balance immediately afterward, and that he came next day for it. I have tried to recall the transaction, but I cannot get anything specially about it.

Q. If you never saw Mr. Schumaker, and did not know him, and if you wrote that receipt yourself, is it not a little singular that you do not recollect to whom you paid the money?—A. I must have known at the time that it was some one who was authorized to receive it, and as the receipt is signed John G. Schumaker, I have reason to believe that it was paid to Mr. Schumaker, although I do not recollect Mr. Schumaker, and would not know him if I saw him.

Q. I understand you to say that you do not recollect any other case, except this one, where you put a receipt on the back of a certificate of deposit, and allowed the balance to remain, your usual habit being to issue a new certificate for the balance?—A. No, it was not a usual transaction; I cannot recall any other transaction of the kind.

Mr. BECK. I thought, perhaps, that the fact that that receipt was written by yourself, and that that is the only case you recollect where business was transacted in that way, would recall the circumstance to your mind, and recall the appearance of the person to whom you paid the money.—A. I have tried to see whether I could recall the appearance of the person, but I am unable to do so.

By Mr. KASSON:

Q. Have you examined the books to see if there were any entries (at or about the dates when the various payments were made upon these New York checks of \$100,000) by the house of Jay Cooke & Co. to the credit of any person, indicating to whom any of this money was paid?—A. I have examined, and can find no credit to any one, or anything that would show any portion of this money.

WASHINGTON, D. C., *February 11, 1875.*

RICHARD B. IRWIN recalled and cross-examined by Mr. Bell, counsel for the Pacific Mail Steamship Company:

Question. Did you ever tell Mr. Whitelaw Reid that Mr. Parsons had received over \$100,000 of this money?—Answer. I did not.

Q. Mr. Reid stated in his testimony that you told him that Mr. Parsons either handled or knew about the handling of \$300,000 more.—A. If you will look at page 512 you will find this statement by me: "I read in Mr. Reid's testimony his account of what I stated to him, and I think that Mr. Reid misunderstood me, although I have no doubt that his misunderstanding was caused by a confusion in my statement. I said to Mr. Reid that I had understood (as mere hearsay) that \$300,000 had been spent in addition to the \$900,000 which I had expended."

Q. I ask you if you did state to Mr. Reid that Mr. Parsons either handled or knew about the handling of \$300,000 more?—A. I did not.

Q. Then Mr Reid is mistaken in saying that you did?—A. Either his attention was not directed to the same point that my attention was directed to, or else his memory is mistaken on the subject; but I can easily see that he may have derived that impression from connecting two different statements.

Q. You did not intend to say that?—A. I did not.

Q. What message passed between you and Whitelaw Reid while he was here in Washington?—A. A single message from me to him, in which I asked him to correct his impression on that subject, and in which I stated what I had said to him.

Q. Was that message in writing?—A. I think that Mr. Senter took it down. He carried the message to Mr. Reid, and I think he took it down in writing.

Q. Have you a copy of that writing?—A. No sir; it was just a memorandum in pencil.

Q. Did you receive any communication from Mr. Reid, either verbally or in writing, during his visit here?—A. No, sir.

Q. Did you tell Mr. Whitelaw Reid in the interview between you and him, in New York, that \$1,200,000 had been used in this business?—A. On the top of page 512 of the testimony that interview with Mr. Reid is fully described, and is correctly described.

Q. Did you tell Whitelaw Reid that \$1,200,000 had been used in this business?—A. I did not.

Q. Did you ever write to Mr. Whitelaw Reid about the matter of your evidence in Washington, or anything in relation to your operations?—A. I have written letters to Mr. Reid, but I really do not recollect whether they related to this matter.

Q. Since you have come to Washington?—A. Yes.

Q. Have you written him more than once?—A. I think not.

Q. Have you a copy of the letter which you wrote to him, and from which you can refresh your recollection?—A. I have not.

Q. Have you not the copy of such a letter within your possession?—A. I may possibly have.

Q. Have you?—A. I really cannot say, because I have hardly written a line myself recently.

Q. What was the substance of your letter to Mr. Whitelaw Reid so far as it related to the matters about which we are inquiring?—A. I do not think it relates to the matter about which we are inquiring.

Q. What was the date of it?—A. I do not recollect that, either.

Q. What was the avowed object or purpose of the letter?—A. I cannot tell you that, either; I do not recollect anything about it.

Q. You were certain that you did write to him?—A. I am not even certain about that; but I think I did.

Q. About what time?—A. Some time since the 8th of December last. Whatever I did write was not of any importance.

Q. I understood you to say that Mr. Schumaker was employed before the 13th of February, 1872?—A. That is my impression.

Q. That was before the letter which you received from Mr. Stockwell, and which contained the terms of your agreement?—A. Yes.

Q. Did you claim to have any authority to employ anybody before that letter was received?—A. I did.

Q. Where was your authority?—A. I had that authority under Mr. Stockwell's letter of the 1st of February, and under Mr. Stockwell's verbal statements to me.

Q. Do you claim that his letter of the 1st of February gave you authority to employ anybody?—A. I do.

Q. Are you now able to swear positively that the employment of Mr. Schumaker was prior to the 13th of February?—A. No, sir. The contract with Mr. Schumaker under which he received \$300,000 was made after the 13th of February.

Q. I wish to know whether you did employ him before the 13th of February?—A. I did.

Q. After the 1st and before the 13th?—A. Yes.

Q. Where was it?—A. That I cannot tell.

Q. Was it in Washington or in New York?—A. My impression is it was in New York.

Q. Were you in New York between the 1st and 13th of February?—A. I think I was.

Q. More than once?—A. I was in New York almost every week during that whole period. I may possibly have written to Mr. Schumaker to have come here; I do not recollect exactly about that.

Q. How are you able to state, at this remote distance of time, the fact that that employment was before the 13th of February?—A. I am not able to state positively, except from my general impression that the employment was before that time.

Q. It is a mere general impression?—A. That is all.

Q. On what do you base it; have you any memoranda?—A. I have no memoranda about it; I base it on my general impression that he was employed before I received that letter from Mr. Stockwell. I think I named the amount in that letter, after consultation with Mr. Schumaker.

Q. Have you anywhere in your previous evidence ever sworn to anything in the nature of a contract, before the 13th of February?—A. I really do not recollect whether I have or not.

Q. Was it a fact that you did have any contract before Mr. Stockwell's letter of the 13th of February?—A. I do not think I had any definite contract before that.

Q. Have you not stated that you sent a draft of the letter of the 13th of February by a messenger, and that the letter was sent back?—A. Yes.

Q. After reflecting on the subject, are you still of the opinion that you employed Mr. Schumaker before the 13th of February?—A. Yes, sir.

Q. Notwithstanding that?—A. Notwithstanding that.

Q. Are you able to swear positively that you had any interview what-

ever with Mr. Stockwell between the 1st and the 13th of February, 1872?—A. I cannot say; my impression is that I had, but I cannot say positively.

Q. You have sworn positively now that you had no talk with Mr. Stockwell on the subject of the contract before the first of February?—A. No, I think not; I would not like to fix the dates at this distance of time. I think I must have had some conversation with him between the time of my arrival in New York and the 13th of February.

Q. Do you swear to-day that you had no conversation with Mr. Stockwell, before the 1st of February, on the subject of the contract?—A. I cannot swear, either affirmatively or negatively, at this distance of time.

Q. You have stated, in reference to this letter, "I have only to say that the subject of the contract and the amount was not discussed up to that time." Was that a true statement then?—A. Yes.

Q. Is it a true statement to-day?—A. It is.

Q. Then, up to that time you had not discussed the subject of the contract and the amount?—A. No; but I did not use the words "nor the amount." I said, "and the amount."

Q. Had you discussed the subject of the contract before that?—A. I do not recollect.

Q. Do you wish to qualify that statement in any regard?—A. No, sir; it is perfectly true as it stands.

Q. Have you produced to this committee all the letters or writings that passed or existed between Mr. Stockwell and yourself in reference to this affair; I mean the letters that came from Mr. Stockwell to you, including the one to which you alluded the other day, and which you were unable to produce? That one and the three which are in evidence are all the letters that passed between you on the subject of the contract?

The WITNESS. On the immediate subject of the contract?

Mr. BELL. Yes.

A. The one which I alluded to the other day was the letter in reply to mine of the 14th of February. That is one. Then there were these three which have been put in evidence. There may have been another letter of his in reply to my answer to his of the 4th of May. My letter in answer to that is dated the 6th of May; and there may have been an answer to that letter.

Q. Was there one?—A. I do not know. With the exception of his answer to the letter of the 15th of February, and his answer to the letter of the 6th of May, I think that these are all the letters bearing directly on the subject of the contract.

Q. Are you certain that he wrote you any letter in reply to this of the 6th of May?—A. I am not.

Q. Have you any distinct recollection that he did write you a letter in reply?—A. I have not.

Q. Have you the impression, amounting to a conviction, that he did?—A. I have not. I have only an impression that he may have done so.

Q. And you cannot now swear positively that you believe he did so?—A. No, sir.

Q. It simply amounts to a probability that he may have done so. State what that letter contained.—A. I cannot say what the letter contained, if it only may have been written, for it might have contained anything. You ask me if I had produced all the letters that passed between us, and I said those two letters may have existed. Of course cannot state the contents of them.

Q. Then you are unable to give anything whatever of the contents of any such letter as that. Have you it in your possession, if it was written?

The WITNESS. Do you mean in Washington?

Mr. BELL. Anywhere.

A. If it was written, it should be somewhere among my papers in San Francisco.

Q. Have you made any efforts to obtain all the correspondence relating to this subject?—A. As I have stated to the committee before, I looked over my papers for two days in San Francisco, endeavoring to find everything that there was, but I was ill at the time.

Q. Did you find any such letter?—A. I did not.

Q. Is it not a fact that there is no such letter?—A. I cannot say.

Q. Is it not probably a fact that there is no such letter?—A. I cannot even go that far. It is possible there may be, and possible that there may not be.

Q. Is it not probable that there is not?—A. I cannot even say that.

Q. Now, to return to the answer to the letter of the 15th of February. Can you now say positively that such letter as that was written, or are you only under the impression that it may have been written?—A. It may possibly not have been answered at all, but I think there was an answer to it.

Q. You are unable to swear positively that any answer was received by you from Mr. Stockwell to that letter?—A. I am.

Q. And your only statement is that such a letter may have been written?—A. Yes sir.

Q. You will not swear that such a letter was not written?—A. No, sir. I will not swear that it was not written.

Q. Will you swear that it was written?—A. No, sir.

Q. Have you any recollection of having received it?—A. None whatever.

Q. Those letters, the three which are produced in evidence and the two which you say may have been written, are they all the communications that passed from him to you on the subject of this contract?

The WITNESS. Bearing directly on the subject of the contract?

Mr. BELL. Yes.

A. I think they are.

Q. There is no letter on that subject which you have suppressed or canceled?—A. No, sir.

Q. Nor which you have kept back intentionally?—A. No, sir.

Q. You have endeavored to present all the letters that you could find on the subject?—A. Yes, sir.

Q. Have you fairly made an effort to find everything that you could on the subject?—A. Yes, sir.

Q. And the three letters produced in evidence are the results of that effort?—A. Yes, sir.

Q. You have not given any letters to the committee which you wrote to Mr. Stockwell on the subject?—A. No, sir.

Q. Do you swear positively that you are unable to do so.

The WITNESS. Do you mean at present?

Mr. BELL. Yes.

A. I do.

Mr. BELL. This whole examination has been going on for some time.

The WITNESS. Yes; and I have been in Washington during all that time.

Q. Have you made any efforts since you came here to obtain your

correspondence?—A. No; I looked for it myself when I was in San Francisco, but I could not find it.

Q. A copy of the letter would have been in the letter-book.—A. It may have been, or it may not have been.

Q. Did you have a letter-book?—A. I did.

Q. Did you examine the letter-book, to see if there was any copy of such a letter?—A. I do not think that I found the letter-book of those dates. That letter-book was kept by Mr. Abert, and there were one or two books kept by Mr. Abert which I could not find. One of them was a scrap-book, which I wanted very much to find.

Q. Have you preferred to withhold from the committee the letters which you sent in reply to Mr. Stockwell, if you did send them?—A. No, sir; I would produce them if I was able. I am satisfied that I have correctly stated the contents of them.

Q. You stated that you sent a message by Mr. Abert to Mr. Stockwell.—A. It was not a verbal message that I sent by Mr. Abert, but I sent him a draught of the letter.

Q. It was simply a message sent through him accompanied by a memorandum of a letter which you would like Mr. Stockwell to write in return?—A. Yes.

Q. Have you stated that you ever wrote him a letter directly bearing on the subject of this contract since the 13th of February?—A. I have so stated.

Q. That you have?—A. Yes.

Q. When was it?—A. I am satisfied that I wrote to him on the 15th of February, I think that my original letter bears a note on the top, "Answered 15th February."

Q. You think you did write him on the 15th of February?—A. I think I did. I think that that note is on the letter itself.

Q. Did you draw any money yourself over the counter of the American Exchange Bank in May, 1872?—A. I think I did.

Q. Can you, by the aid of any refreshing to your memory furnished by the investigation, state when it was that you did so?—A. I cannot state the date precisely; I think it was about the 23d or 24th of May.

Q. How much did you draw on that occasion?—A. I think there is a check there for \$10,000, which it is my impression I drew myself.

Q. Did you get the bills for it?—A. I think I did.

Q. Did you draw yourself either of the three checks, the two for \$100,000, and the one for \$125,000?—A. I did not.

Q. Were you present when the money was drawn on them?—A. I was present when the money was drawn on the \$125,000 check.

Q. By whom was it drawn?—A. By Charles Abert, and I was present either at the time or just after the time when Mr. Whiting drew his check for \$100,000. I think it must have been at the time, from the fact of his having returned the money to me. I think I must have been with him, but I only draw that inference. I do not recollect being there.

Q. You were present at the time the money was drawn on the \$125,000 check.—A. I was.

Q. It was drawn by Charles Abert?—A. Yes.

Q. Can you state the date when it was drawn?—A. It was on the date set down in the account. That is the 27th of May.

Q. By what officer of the bank was the money handed to Mr. Abert?—A. I think by Mr. Clarke, the assistant cashier.

Q. You know Mr. Clarke very well?—A. Yes.

Q. How long have you been acquainted with him?—A. For several years.

Q. Was any question asked you in regard to vouching for the check,

or did the officers of the bank know Mr. Abert?—A. I think that I went in and introduced him. I do not think that anything else took place.

Q. You were present when the money was paid on one of the \$100,000 checks?—A. I have said that I was present either at the time or immediately after the time when Mr. Whiting drew his \$100,000.

Q. Did you identify Mr. Whiting at the bank?—A. I think I did.

Q. Do you now think that you were present when that money was drawn?—A. That is my impression; but I cannot say whether I was present either at the time or just after the time; but it was one of the two.

Q. Who paid him the money?—A. I think that a portion of the money was paid to Mr. Whiting by Mr. Clarke.

Q. How much of it?—A. About \$40,000—the money which he returned to me.

Q. What was done with the balance?—A. Mr. Whiting said that he was going to take a certificate of deposit for a portion of it. Then I did not see anything more about it.

Q. You do not know whether he got the certificate of deposit or not?—A. I do not know anything more about it.

Q. You stated in your evidence, on page 99, that the amount of all the checks was stated by the company to be about \$750,000, and you were asked: "Q. And you believe that to be correct?"—A. I believe that to be correct." Was that a true answer at that time?—A. Yes, sir.

Q. Did you then believe that the amount was only \$750,000?—A. Yes; I was speaking then of particular checks.

Q. No; you were speaking of an amount, were you not?—A. I was speaking of the amount of particular checks.

Q. You did not intend in that answer to speak of the total amount of money which you had received?—A. No, sir; because I had already stated some of the prior amounts which I had received.

Q. Did you then know that the amount which you had received was greatly in excess of that sum of \$750,000?—A. Yes.

Q. Had you then made the calculations which you have since made, which enabled you to state that amount at a larger sum?—A. I had made some of them.

Q. Could you then have stated the gross amount of all the money which you had received, if you had wished to have done so?—A. I could not. I could have stated that I had about \$900,000, but I would have stated it from general recollection.

Q. In reference to your own checks on the American Exchange Bank, you swore, as I understood you, that you destroyed those checks?

The WITNESS. Did I say that positively?

Mr. BELL. Then I will ask you directly whether you did destroy your own checks on the American Exchange Bank?

The WITNESS. I do not distinctly recollect the fact of the destruction. I think I did destroy them.

Q. Where do you think you destroyed them?—A. I think in San Francisco.

Q. At what place there?—A. At my office.

Q. How did you destroy them?—A. If I destroyed them at all, it would have been by burning them.

Q. Do you think that you burned them?—A. That is my impression.

Q. All of them?—A. Yes; I think I burned them all.

Q. About what time?—A. That would have been about September, 1873.

Q. Was there anybody present at the time?—A. I cannot say, positively. I have only a general recollection that I burned up a number of papers at that time. Persons were present a part of the time, and part of the time they were not present; it was in my public office.

Q. Have you also destroyed the stubs of those checks?—A. I am not at all certain whether I have or not.

Q. Where are the stubs of those checks, if they were not destroyed?—A. If the stubs are in existence they are in San Francisco.

Q. Whereabouts?—A. I cannot say; they are either at my house or at my office.

Q. While you were at San Francisco making the examination of which you spoke, did you look for those stubs?—A. I did.

Q. Carefully?—A. Yes.

Q. Did you go through your papers carefully?—A. I did.

Q. Did you find those stubs?—A. I did not find them.

Q. Do you believe now that those stubs are destroyed?—A. My impression is that they are not.

Q. What gives you that impression?—A. I cannot tell you what gives it to me. There exists an impression on my mind that they are not destroyed.

Q. Are there any stubs?—A. I am speaking of the stubs of those checks which had stubs.

Q. Were there any stubs to the checks at all?—A. To some of them; certainly.

Q. Were they not written on loose checks?—A. Some of them were.

Q. Were not the bulk of them written on loose checks without stubs?—A. No, sir.

Q. Have you not so sworn?—A. I think not. Some of them were written on loose checks and some were written on the checks of a temporary check-book, and some were written on the checks of a permanent check-book. Those written on my permanent check-book would be a very small portion.

Q. Have you the stubs of the checks drawn on the other banks in which you kept accounts during those periods?—A. I cannot say.

Q. Did you look for them?—A. I looked for the stubs of all my check-books. I could not find the stubs of any of my check-books for several years. They are all together, wherever they are.

Q. On your examination you found no stubs whatever?—A. No, sir; they were all tied up together once, and I did not find the bundle in which they were.

Q. Did you pay any money out at the Hoffman House, in New York, in May, 1872, between the 23d and the 27th?—A. Yes.

Q. Did you pay any money out at the Hoffman House to any person, that was not in checks; I do not mean for hotel bills, but in connection with this business?—A. I think I did, but I cannot be positive.

Q. Did you pay anybody there, in connection with this affair, in greenbacks?—A. I may have done so.

Q. Whom did you pay?—A. I may have paid to anybody, but I cannot recollect anything about it.

Q. Is that a fair answer?—A. I give you a fair answer. My recollection is not such as to include or to exclude the idea.

Q. You have no recollection of doing it?—A. No, sir; none whatever.

Q. Did you draw any checks at the Hoffman House at that period?
—A. Yes.

Q. To whom?—A. I think that the check or checks to Samuel A. Hatch were written there.

Q. Were they delivered there?—A. That is my impression. I think that the check to William Moran was drawn there; I think that the check to John G. Schumaker was drawn there; I think that the two checks to Mr. Abert and the one check to Mr. Whiting were drawn there; I think they were all written there, and that is my reason for thinking that those checks were written on a temporary check-book. I think that the check to Mr. King was written on a fly-check in Philadelphia, as I have stated.

Q. Did you have a temporary check-book at the Hoffman House, or were they mere loose checks?—A. I cannot say positively, but my impression is that I did have a check-book.

Q. You do not recollect paying any greenbacks to anybody at the Hoffman House?—A. No, sir.

Q. Who was with you of your party at the Hoffman House on that occasion; did you have any secretary or clerk?—A. Mr. Abert was at the Hoffman House at that time; that is, he arrived on the morning of the 27th of May.

Q. Did you have a clerk or secretary there?—A. No, sir.

Q. Did you have any agent or assistant?—A. No, sir; except Mr. Abert, who arrived on the morning of the 27th.

Q. When did you leave New York for San Francisco?—A. On the 27th of May, in the noon train.

Q. And you went directly to Philadelphia?—A. Yes.

Q. And left there?—A. I left on the 11.40 train on the 28th of May.

Q. For what point?—A. For San Francisco direct.

Q. By rail?—A. By rail.

Q. The checks which you say were destroyed on the 24th of May, how were they destroyed; were they actually torn up in your presence?

The WITNESS. Do you mean the Stockwell and company's checks?

Mr. BELL. Yes. You say that \$560,000 in checks were torn up by Mr. Bellows.

A. I have made this correction of my testimony on that subject. I say as a correction to page 554: "I am not quite so positive about the actual destruction of those checks by Mr. Bellows. In going over the thing in my mind, I find my memory distinct and positive as to handing him the checks and everything else up to the moment of tearing them up. I cannot say that I actually saw him tear them up, although that was my distinct impression."

Q. That is made as a correction to your testimony on page 554?—A. Yes.

Q. Do you still say that it is your belief that the checks were destroyed?—A. It was, when I made that correction.

Q. Has anything occurred to change your impression about it since that time?—A. Yes, sir.

Q. You have no recollection as to the manner of the destruction of those checks?—A. I have not. I thought at that time that I had seen Mr. Bellows tear them up, but when I come to go over the thing in my mind the whole picture is perfect up to the time when I come to see him tearing them up, and I cannot see him tear them up.

Q. Did you not state that your recollection was most distinct and perfectly clear?—A. I did, and I thought it was. But your question was whether I was mistaken or whether Mr. Bellows was mistaken in

reference to the time and place of the destruction, and my attention was directed particularly to the question of time and place and not to the question of destruction. That was the time and place I delivered them to him, and my recollection was that he had destroyed them then. Now, I find that I recollect everything perfectly and distinctly until I come to see him tearing up the checks, and I cannot see him doing it. That is all.

Q. Then what makes you think that they were destroyed?—A. I do not think so now. I think they were not destroyed.

Q. Have you any recollection about it?—A. I have not; but you asked me if I had heard anything since to change my impression, and I said I had.

Objection was made by some members of the committee to the course of the cross-examination, and after some discussion the examination was resumed as follows:

Q. On what bank were the \$250,000 checks that were sent to you in the letter of February 13, 1872?—A. On the Merchants and Manufacturers' Bank.

Q. Were they the checks of the Howe Sewing-Machine Company?—A. They were not. I have said that they were A. B. Stockwell's checks.

Q. I ask you now if they were not the checks of the Howe Sewing-Machine Company to his order?—A. I think that they were A. B. Stockwell's personal checks. I will not swear positively that they were not the Howe Sewing-Machine Company's checks, because that would have struck me as the same thing.

Q. Were not the \$400,000 checks of May 4th the checks of the Howe Sewing-Machine Company to the order of A. B. Stockwell?—A. They were not.

Q. You are positive of that?—A. I am.

Q. On what bank were the \$400,000 checks, sent to you on the 4th of May, drawn?—A. That is all in the testimony. I have described them fully. They were on the National Bank of Commerce, in New York.

Q. I wish to call your attention to page 109 of the testimony, in which you make use of this statement: "I say that everything I have which in any way represents money that ever belonged to the Pacific Mail Company, I own by virtue of written contracts, of which the company has or ought to have copies." What do you mean by saying that "the company has or ought to have copies?"—A. I say that the company has them or ought to have them.

Q. Did you ever have any written contract other than the letters which you have stated?—A. No, sir.

Q. And are those letters the written contracts to which you refer in that statement?—A. They are.

Q. And there was no other contract?—A. There was no other contract.

Q. Do you think that the company was entitled to the copies of Mr. Stockwell's individual letters?

The WITNESS. The question is whether these were his individual letters.

Mr. BELL. Answer the question whether you think the company had any right to the copies of Mr. Stockwell's letters to you?—A. I think it had.

Q. Do you think that the company ever did have them?—A. I think it did.

Q. Had you any stock speculation yourself in 1872, during the pendency of this measure?—A. I had not.

Q. Were you interested in puts and calls?—A. I was not.

Q. Were you interested, directly or indirectly, in long or short contracts?—A. No, sir.

Q. With Mr. Stockwell or with Musgrave & Co.?—A. No, sir.

Q. Did you make a proposition to the China Trans-Pacific Company, limited, at any time since this investigation that you were prepared to submit to it an eligible offer for the employment of its vessels?

The Chairman inquired what bearing that question had on the matter before the committee. Did it mean that the witness was hostile to the Pacific Mail Steamship Company?

Mr. BELL. Yes; it tends to show his status as a witness.

The question was repeated to the witness.

A. I did make a proposition once.

Q. What was that proposition?—A. That the company should delay acting upon the charter of the Vasco de Gama and the Vancouver to the Pacific Mail Steamship Company until it heard from the overland railroad companies.

Mr. Bell read to the committee a letter from the secretary of the China Trans-Pacific Company, limited, to the Pacific Mail Steamship Company, denying that there were any negotiations between the former company and Mr. Irwin or Captain Bradbury, but that Mr. Irwin on one occasion made use of an observation, that if the China Trans-Pacific Company was uncommitted to the Pacific Mail Steamship Company he was prepared to submit eligible offers for the employment of their vessels, and that so soon as the committal of the China Trans-Pacific Company to the Pacific Mail Steamship Company was ascertained, one of the directors of the former company was at once instructed to inform Mr. Irwin that that company was not open to enter into negotiations.

Q. Is the statement in that letter true?—A. No, sir; it is substantially true for their purpose, but, as to my connection with it, it is inaccurate.

Q. Do you deny the statements made in this letter?—A. So far as their relations with the Pacific Mail Steamship Company are concerned, the statement is perfectly accurate; but so far as it relates to any proposition made by me to the China Trans-Pacific Company, it is inaccurate. I told them that if they were uncommitted, the overland railroad companies would probably be ready to make them a proposition, but I did not tell them that I was prepared to do so, for I was not.

Q. What authority had you for making that statement?—A. The authority of the railroad companies.

Q. Written or verbal?—A. I had written authority to say what I said.

Q. Was your authority from any official connected with the railroad companies?—A. I so regard it.

Q. You state on page 461 of the testimony, "I understand that the Pacific Mail Steamship Company has passed resolutions releasing all their officers and agents from any relation of confidence to the company." Had you then read the resolutions which had passed the board, and which were presented to this committee?—A. I do not think I had.

Q. You had seen them in the newspapers?—A. I think so, but I do not recollect whether I had read them or not.

Q. Did you not know that those resolutions only applied to counsel?—A. I had not paid any particular attention to them at all.

Q. Do you not know now that the resolutions had no reference whatever to you, in any shape or manner?—A. No, sir; I thought it was the intention of the company to release everybody.

Q. Did you not know that the resolutions read that any attorney,

counsel, or person claiming to have acted as such for that company, was released?—A. That is how I supposed it read.

Q. You were not an attorney or counsel, were you?—A. I think not.

Q. Were you released in any manner, by that resolution, from your obligation not to make any disclosures?—A. My impression was, after reading them, that I was.

Q. Did you make any disclosures by virtue of those resolutions which you otherwise would not have made?—A. No, sir.

Q. Then, why was it your duty to come out of jail, as you stated on page 461?—A. I did not say that. I said that I came out because I did not consider it my duty to stay there any longer, and then I went on to say that if the same circumstances should arise again, I should be obliged to do the same thing again.

Q. Did you consider it your duty at that time to come out?—A. I beg pardon; I said that I came out because I did not consider it my duty to stay there any longer.

Q. Did you consider it your duty to come out?—A. I did not consider it as a question of duty. It was a matter of inclination for me to come out.

Q. Did you furnish the letter published in the New York Times signed Vacuum Gauge, referring to Mr. John Roach in connection with this legislation, and giving a statement attempting to compromise him in regard to it?—A. I object to answering that question unless the letter itself is produced in evidence.

The CHAIRMAN. You can answer whether you have written such letter.

A. I did not.

Q. Did you write a letter to the New York Times, signed Vacuum Gauge, making any insinuations in regard to the exchange of the \$200,000 checks with Mr. Roach?

The WITNESS. Let me have the letter.

The CHAIRMAN. Answer the question.

A. I did not. I never wrote any letter signed Vacuum Gauge.

Q. Did you inspire or direct its writing?

The WITNESS. I object to answering the question, because the letter does not bear the interpretation which Mr. Bell puts upon it, and I object to answering unless the letter is put in evidence.

The CHAIRMAN. If it was proper for you to answer the question whether you wrote it, it is also proper to answer whether you inspired or directed its writing.

The WITNESS. Without the letter being in evidence?

The CHAIRMAN. The letter will not harm you unless it is put in evidence.

The WITNESS. Mr. Bell has put a false interpretation on it.

The CHAIRMAN. You have already answered that you wrote no letter bearing that interpretation.

The WITNESS. Then, why am I to answer the question if the letter does not bear that interpretation? Mr. Bell does not connect it with Washington. I have never written to the New York Times any letter bearing any relation to this inquiry.

Q. Did you inspire or direct the writing of a letter to the New York Times signed Vacuum Gauge?

The WITNESS. I object to answering any question before this committee which does not relate to the subject-matter under this inquiry.

Q. Did you inspire or direct the writing of this letter, or was it prepared with your knowledge or approval?

The WITNESS. I object to the question on the ground that it does not relate to the subject-matter under the inquiry. It does not relate to anything in Washington. There is nothing to connect it with this inquiry.

Mr. BELL. It is most distinctly connected with the inquiry.

The CHAIRMAN (to Mr. Bell.) Unless you put the letter in evidence there is no occasion to examine the witness about it.

Mr. BELL. If his answer warrants its being put in evidence, I shall put it in, of course.

The chairman submitted the point to the committee and the question was excluded.

The following corrections were made by the witness to his testimony on page 554. I am not quite so positive about the actual destruction of those checks by Mr. Bellows. In going over the thing in my mind, I find my memory distinct and positive as to handing him the checks, and everything else up to the moment of tearing them up. I cannot say that I actually saw him tear them up, although that was my distinct impression.

Witness also made the following corrections to his testimony on pages 560 and 563. After studying the matter, I am satisfied that I did not go on to give the reasons in detail at this time. I had gone over them long before, and did not repeat them on the 23d of May.

WASHINGTON, D. C., *February 13, 1875.*

MOSES DILLON sworn and examined.

By the CHAIRMAN:

Question. Do you recollect testifying before this committee last Congress?—Answer. Yes, sir.

Q. Have you any knowledge beyond that which you then testified to?—

A. I have no information except what I derived from hearsay..

Q. As we have not a report of your testimony last Congress, can you repeat it?—A. No, sir. I erased all the names from my book, and have forgotten them.

Q. Do you know any fact about the payment of money by any agent of the Pacific Mail Steamship Company?—A. I do not, except what I have heard from outsiders.

Q. Do you know of anybody who does know of such payment?—A. I do not. I heard rumors. My attention was first attracted by a gentleman coming into the office and saying that he would not be in the subsidy scrape for the world—showing that he had heard something outside.

Q. Did he say what the scrape was?—A. No; but he alluded to the money which had been paid for that subsidy, I suppose; because at that time the \$1,000 bills were being circulated. That called my attention to it; and, out of a spirit of sport, (nothing else,) I put down the names of some of those gentlemen.

Q. Can you tell now those names?—A. No, sir; I cannot. I have a bad memory for names, so that frequently when members of Congress came in I would have to ask their names.

Q. And you cannot call to mind the names of any of them?—A. I might call to mind the names of one or two of them from their having been mentioned in the newspapers.

Q. Can you call to mind any except those who have been mentioned lately in the newspapers?—A. No, sir; not one.

Q. Who were those?—A. Mr. Storm, Mr. Voorhees, and Mr. Winchester. They have been here and testified.

Q. Do you recollect any except those?—A. I do not.

Q. What do you recollect now about the thousand-dollar bills?—A. Only that there were a good many coming into the office to be changed during the few days after the passage of the subsidy bill.

Q. By a good many, how many do you mean?—A. I had, I think, certainly six names, probably more. Some came in of course before I commenced taking them at all, and there may have been some who came in afterward; I suppose there might have been thirteen to fifteen altogether; I do not really recollect how many I had. I think I gave the initials of one only, that was D. W. V., and you asked me who the initials stood for, and I said I supposed they stood for Mr. Voorhees.

Mr. BURCHARD. You gave the initials J. B. S., and said that you supposed they stood for John B. Storm.

The WITNESS. I confess that I was mortified a good deal about it, and after the committee agreed to expunge the whole matter I erased the names from my tablet, and from my memory. As before stated, my recollection of names is very deficient, but of figures, faces, and location, very good.

Mr. Kasson remarked that, during a former Congress, he had often been struck with that peculiarity of the witness, having had to mention his own name several times when transacting business with him.

Q. Are you confident that you gave us more than half a dozen names at the last Congress?—A. My impression now is that there were more than six.

Q. Without regard to how many you may have had, do you recollect how many you gave us?—A. I gave you all I had on my tablet. Mr. Dawes took the book out of my hand and read the names.

Q. Have you that memorandum-book now?—A. I have the book but not here. The names were all erased immediately after I went out of the committee-room, the second time I appeared before the committee.

Q. Were they so erased that you cannot discover the names?—A. They were entirely rubbed out. It was one of those slate-tablets.

Q. Do you recollect whether there were anything more than initials?—A. I have no recollection of any initials except the one just mentioned, D. W. V. Mr. Burchard says that there were the initials J. B. S., but I do not recollect how that was.

Q. Were you the teller in the Sergeant-at-Arms' office?—A. I was the book-keeper and cashier; but I made a good many payments, and changed a good deal of money. When members came into the office while I was there the money was changed for them either by Mr. Fuller or by myself.

Q. When you came to examine into the matter after you testified before the committee at last Congress, did you have a reason to change your mind in relation to it?—A. No, sir.

Q. I do not mean as to the names of the men, but as to the circumstance itself.—A. As to the circumstance of having changed the \$1,000 notes? No, sir.

Q. Were you not satisfied that if you thought the initials D. W. V. stood for Mr. Voorhees, you must have been mistaken?—A. At my examination before the committee, I expressed some doubts about the matter.

Q. Did you not ascertain with reference to him that you must have

been mistaken, as he was out of the city and in Indiana at the time?—A. Mr. Voorhees's sworn testimony would certainly strengthen the doubts before expressed.

Mr. NIBLACK. He testified to having got leave of absence the day before the subsidy passed, and to having gone home and not returned to Washington any more that session.

Q. In regard to Mr. Winchester, did you not ascertain that he could not have had any connection with the Pacific Mail subsidy?—A. No, sir; I did not know who voted for it or against it. Mr. Winchester was in the habit of making deposits with us.

Q. You think that Mr. Winchester deposited \$1,000?—A. I think the books will show that he deposited it, but I am not positive about that, but, if I had his name, he certainly brought the \$1,000 bill, either for change or credit.

Q. Do you mean to say that those men whose names you had on your memorandum made deposits?—A. Not one of them, except it was Mr. Winchester.

Q. They only came there to have the bills broken up?—A. Yes, sir.

Q. Do you not know that Mr. Winchester was in the habit of bringing you money to deposit there in not very large sums?—A. He deposited good-sized sums. He had quite a good deposit account that Congress.

Q. Are you certain that you did not confound his bringing a thousand-dollar bill with his depositing money?—A. I rather think he did bring a thousand-dollar bill, or I would not have put his name down.

By Mr. BURCHARD:

Q. Did you not testify that you did not make any memorandum or entry at the time, but that afterward in thinking the matter over you made an entry in your pass-book?—A. I do not recollect testifying so, and I do not recollect that being the fact.

Q. Do you not recollect having made use of this expression: That you noticed some members who had been impecunious before the passage of the subsidy and who were subsequently flush?—A. I did, no doubt, use that expression and use it in that connection.

Q. And that you made an entry of the names of those who you thought had received money?—A. No; I made an entry of the names of those who brought the money. I recollect now that I said there had been some gentlemen who I knew had been in the habit of anticipating their salaries by drawing \$50 or \$100 on account, and who brought in one thousand dollar bills afterward.

Q. And you said that you made the entry afterward—not at the time when they came in, but afterward, in thinking it over?—A. It is possible that I said so, but I do not recollect.

Q. Is not that the fact?—A. Not that I recollect.

Q. Did you, as each man came in having a large bill, put down his name or his initials in this book at the same time that you noticed him?—A. I did it generally immediately after; not in his presence, of course.

Q. Was that before or after the passage of the subsidy?—A. I presume it was afterward, but I do not know.

Q. How long afterward?—A. That I cannot tell, because I really do not know the date of the passage of the bill, and do not know the date of the transaction; but I think that it was in June. I can tell by referring to the books of the Forty-second Congress.

Q. Do you mean the time the bill passed the House, or the time that it became a law?—A. I presume it was at the time that the bill passed the House, but I was so little posted in those matters that I did not keep myself informed as to the passage of such measures.

By the CHAIRMAN:

Q. We would like you to reproduce everything that you know about the transaction.—A. I have said all that I do know. I have really no personal knowledge of the matter at all.

By Mr. KASSON:

Q. Can you now give to the committee the names or the initials of any of the members producing these thousand-dollar bills in your presence except those which you have already stated, and who appeared and gave their testimony before the committee?—A. I cannot. I really do not recollect a single name.

By the CHAIRMAN:

Q. After you testified before the committee last Congress, did you not subsequently appear before the committee and request to withdraw your testimony?—A. I did.

Q. What did that grow out of—your satisfaction that you were mistaken?—A. No, sir; it grew out of my mortification at having been led on to take those names at all. It was a matter which I had no business to interfere with. It was conceived in a spirit of sport, and I had no idea of its ever getting out of my knowledge. I knew that afterward it had been the means of depriving me of the good opinion of some gentlemen whose esteem I valued very highly, and I erased the names from my book and from my memory, except the circumstance itself. That I never can erase.

Q. Did you not become satisfied that, in reference to the names which you mentioned here, there had been some mistake?—A. I *hoped* there might be some mistakes. There was one gentleman who came to me and said that I was certainly mistaken about him, as he had never had so large a bill in his possession during his life, and Mr. Winchester, who satisfactorily explained the matter.

By Mr. KASSON:

Q. If you had that book now before you, would it aid your memory as to the names or initials?—A. Not at all; they were entirely erased.

By the CHAIRMAN:

Q. Do you recollect saying that after several had come in with these large bills, it occurred to you that you would put down the names, but that you did not do it at first, and that then you put down half a dozen names after a good many had come in?—A. I think not. My recollection of the matter is that I put down only those names that came in after it occurred to me to put the names down at all.

Q. Do you recollect testifying before that it did not strike you as anything remarkable at first, but that when several came in one after the other with these large bills, it occurred to you to put down their names; and do you recollect the committee trying to get you to recollect the names of persons which you did not put down, and who came in before you had begun to keep the record?—A. No, I do not; nor do I recollect giving the testimony which Mr. Burchard says I gave. My recollection of the matter now is that I came in the next morning and requested that the proceedings of the day before might be expunged, and that I might be permitted to withdraw all that I had said in relation to those names.

Q. And you understood that your testimony was withdrawn at your request?—A. Yes, sir.

Q. And that that was the reason it did not appear in the printed record?—A. Yes, sir; that was my understanding of it.

Q. What was the name of the gentleman who told you that he would not be in the scrape for all the world?—A. It was Mr. Ordway.

Q. Who was the member who came to you and said that you must have been mistaken about his having a thousand-dollar bill?—A. I think it was Mr. Storm.

Q. Are you quite certain that Mr. Ordway's remark did not relate to Mr. King, instead of to members of Congress?—A. I cannot say whom his remark particularly referred to.

Q. You do not know whether it referred to members of Congress or to Mr. King?—A. No, sir; but I think it more than probable that it referred to Mr. King, from his subsequent remarks.

Q. Do you recollect his mentioning any one name in connection with that remark?—A. None except Mr. King's.

Q. He did mention Mr. King's name in that connection?—A. Yes; I think I asked the question who was probably the disburser of this money, and he said that he thought it was Mr. King, the postmaster. I have not been in the employment of the Sergeant-at-Arms since March, 1873.

MOSES DILLON.

WASHINGTON, D. C., *February* 13, 1875.

NATHAN A. FULLER sworn and examined.

To the Chairman. I am paying-teller in the office of the Sergeant-at-Arms, in the House of Representatives. I have been in that position since 1871, with the exception of last winter.

Question. Were you there during all the year 1872?—Answer. Yes.

Q. Can you, by referring to your books, show whether you were constantly in attendance during the months of May and June, 1872?—A. Yes, I think I can. I have got the draft-book here, but I have not got my day-book, the paying-teller's blotter.

Q. Will the book that you have show whether you were present every day during those two months?—A. I think it will.

Q. Examine it, and see if you were.—A. [After examining.] Almost all the orders for drafts in this book are in my handwriting. It runs from December 1, 1871, to March 31, 1872.

Q. Take the two months of May and June; will the daily entries in that book disclose whether you were present all the time during those months?—A. [After examining the book.] Yes, sir, I think they show so. There is now and then an entry by Mr. Dillon, when I may have been out of the office to get a lunch.

Q. Do you find any of Mr. Dillon's entries in the months of May and June?—A. Yes, once in a while I find an order for a draft put down by him.

Q. What was Mr. Dillon doing at that time?—A. He was book-keeper.

Q. Whose duty would it have been to change money presented at the counter?—A. Mine, as paying-teller.

Q. Would Mr. Dillon have any part of that duty to perform while you were present?—A. No, sir; he would charge me with a certain amount of money in the morning, and at night I would have to account to him for it in money or in members' checks.

Q. And if you were in the office he would have nothing to do with changing bills presented at the counter?—A. No, sir; nothing whatever.

Q. Do you recall any unusual transaction at the counter of the Sergeant-at-Arms in the months of May or June, 1872?—A. I do not.

Q. Do you recollect the presentation of any thousand-dollar bills by members?—A. No, sir.

Q. Could there have been a dozen or fifteen members, during either of those two months, presenting new thousand-dollar bills without your noticing the fact?—A. I do not know. I think I should be apt to recollect it, because as a general thing I do not have these large bills to change.

Q. Have you in your memory the fact that any one member did present a thousand-dollar bill to be changed?—A. No, sir; I have no remembrance of any such transaction.

Q. If a dozen members presented each a thousand-dollar bill to be changed, would it have been possible for you to forget that fact?—A. It would depend altogether upon whether there had been some circumstance to fasten it on my memory.

Q. Do you think it possible for you to have forgotten such a fact if it had occurred?—A. No, I do not think it possible for me to have forgotten.

Q. Tax your memory as well as you are able, and tell us whether you can call to mind any circumstance connected with thousand-dollar bills during those two months.—A. No, sir; I cannot.

WASHINGTON, D. C., *February* 13, 1875.

RUFUS HATCH recalled.

By the CHAIRMAN:

Question. State to the committee what is the result of your examination of the books, which you were requested to make, bearing on the question whether the Pacific Mail Steamship Company furnished the money to Mr. Irwin which he testifies to have expended here.—Answer. I will read a statement which I have prepared, and which covers the question pretty fully.

The statement is as follows:

GENTLEMEN OF THE COMMITTEE: In New York you suggested that the proper way for the company was to wait until the evidence of Mr. Irwin had been concluded, and, also, the other evidence in the case, before the evidence in behalf of the Pacific Mail Steamship Company was closed.

As we have had no control over this investigation, acting under and upon the suggestions of the committee, after having heard the evidence which has already been produced, I respectfully submit, as managing director and executive officer of the company, the following facts:

1st. In reference to the allegation of Mr. Richard B. Irwin, that he was acting under a contract with the Pacific Mail Steamship Company in the transaction, in Washington, which he relates, I wish to state, positively, that I have made, and caused to be made, a careful and thorough examination of the books and records of that company; and I now state, positively, that all his evidence in that connection is absolutely false—that there never was any contract of employment, on the

part of the Pacific Mail Steamship Company, of Mr. R. B. Irwin in regard to the legislation of 1872, by Congress, of any character whatever.

Mr. Irwin submits three letters from A. B. Stockwell to himself, dated February 1, February 13, and May 4, 1872.

2d. The letter of February 13, 1872, was written before the action of the executive committee authorizing the employment of counsel by the company, and is a statement of the actual terms of the contract between Richard B. Irwin, acting in his own behalf, with Mr. Alden B. Stockwell individually, to which the Pacific Mail Steamship Company was not a party, either directly or indirectly.

The checks inclosed were the personal or individual checks of Mr. A. B. Stockwell, and not the property of the Pacific Mail Steamship Company.

This is the only one of all the letters which define the terms of the contract, and show it to be an individual engagement on the part of A. B. Stockwell with Richard B. Irwin, acting in their individual capacity, and it conclusively shows that it was not an engagement of the Pacific Mail Steamship Company, which it did not purport to be.

Neither of these letters are the letters of the Pacific Mail Steamship Company. All of them are, and purport to be, the individual letters of Mr. Alden B. Stockwell. There is no ratification of those letters by the board of directors or officers of the company, either directly or indirectly. Neither were these letters, or the contract, ever submitted to, or in any manner brought to the attention of, the board of directors of the Pacific Mail Steamship Company. There are no copies thereof, or of either of said letters, or of any contract whatever, on the books of the company, or record of the same of any kind.

3d. Mr. Irwin fails to produce another letter from Mr. A. B. Stockwell, which he claims to have received in answer to Mr. Irwin's letter of 14th February, 1872. Neither does Mr. R. B. Irwin produce any of the letters which he, Irwin, claims to have written to Mr. A. B. Stockwell in regard to the subject of the contract made with Mr. A. B. Stockwell individually. Nor does he produce copies thereof.

After careful search through the letter-books and files of the company, I am able to state positively that there are no records or files of any correspondence relating to this subject between the Pacific Mail Steamship Company and Mr. R. B. Irwin, and that there was no correspondence of any kind between him and the Pacific Mail Steamship Company, except as furnished heretofore, and at pages 218 and 219 of the evidence.

Mr. Richard B. Irwin's relations to the company were simply those of an agent at San Francisco, at a salary of \$10,000 per year, and he had no other authority or authorization of employment from the Pacific Mail Steamship Company during the year 1872 whatever, and his statements to the contrary are absolutely false.

The statements of Mr. Irwin that any arrangement was made between Mr. Stockwell, as the president of the Pacific Mail Steamship Company, and himself—Mr. Stockwell acting under the authority of the board of directors, as testified to by him on pages 95, 96, 97, 98, 99, and following of the printed testimony, and that he should come to Washington and get the subsidy, or that his transactions in Washington were in any way authorized by that company—are absolutely false.

I have carefully examined the books and records of the company, and swear positively that no such authority was given by the company in any manner for any employment of the kind, nor for any contract of the character he describes. The only resolution authorizing the

employment of any person by the company was the resolution adopted February 14, 1872, by the executive committee, of which the following is a copy :

“Resolved, That the president, in his discretion, is hereby authorized to employ counsel, and incur such other necessary expense as may be necessary, in connection with the measures for additional subsidy now pending before Congress.”

Which action of the executive committee was subsequently ratified, on the 21st February, 1872, by the board of directors. The resolution gives no authority to any officer of the company to make any such contract or employment, and in this connection I refer to the evidence of the several members of the board of directors, Theo. T. Johnson, secretary, on pages 69 and 73; O. P. C. Billings, on pages 223 to 225; Chas. J. Osborne, on pages 227 and 228; H. H. Baxter, on pages 229 to 231; Henry Clews, on pages 256 to 258; James D. Smith, on pages 87 and 88, and testimony, January 30, 1875, who have been summoned, and who positively state under oath that it was understood, both in the executive committee and in the board, Mr. Stockwell being interrogated upon the subject, that the amount to be expended under this resolution should not exceed \$10,000, and that only for the legitimate purposes therein specified, and this was after the individual contract between A. B. Stockwell and Richard B. Irwin was made.

That resolution gave Mr. Stockwell no authority to employ any one except counsel, and Mr. R. B. Irwin was not an attorney, and could not have acted as counsel for the company, and does not claim that he acted as attorney or counsel, and never was employed as such or his employment authorized by the company.

It is a well-known fact, and I state it of my own knowledge, that Alden B. Stockwell, during the year 1872, and while he was the president of the Pacific Mail Steamship Company, had his private office in the office of the company, at 59 and 61 Wall street, New York, and transacted his personal and individual business in the office of the Pacific Mail Steamship Company; that he had his private clerk and secretary there for the transaction of his individual business, and that he was in the habit of using the printed letter-heads of the company for writing letters in regard to his individual business and private affairs.

I state as a fact, positively, that the Pacific Mail Steamship Company never authorized the expenditure of one dollar in money for the purpose of corruptly influencing Congress or for any illegal or improper purpose in connection with the legislation of 1872, and that the only authority which the company has ever given for the expenditure of any money whatever in connection with that legislation was that authorized by the resolution of February 14, 1872, already submitted, which was strictly legitimate and proper.

The allegation and pretense on the part of Mr. Irwin that, in the transactions he has related, or pretended to relate, of his operations in Washington, he represented the Pacific Mail Steamship Company, directly or indirectly, I wish to state positively, as managing director and executive officer of that company, after a careful examination of the most thorough kind of the books and papers of that company, is, and all his statements in that respect are, absolutely false and without any shadow of truth.

Mr. Irwin, in his evidence before this committee, recently made some insinuations respecting settlements between the Pacific Mail Steamship Company and A. B. Stockwell, its late president, of which he conceded he knew nothing of his own knowledge. I wish to state here, distinctly

and positively, that his statements and all his insinuations in that connection are absolutely and unqualifiedly false.

At the commencement of this investigation, and when I was first before this committee as a witness, I was not aware of the extent and magnitude of the abstractions of money from the company by these two men—Alden B. Stockwell and Richard B. Irwin.

From my examination, and the light thrown upon the subject by the evidence taken by this committee, I can now state that the amount of money actually abstracted from the treasury of the company by Alden B. Stockwell and Richard B. Irwin, during the administration of Mr. Stockwell, exceeded the sum of \$2,500,000. These various abstractions were covered by false and irregular entries of various kinds.

No part of the moneys abstracted by R. B. Irwin, the amount of which he first stated to be \$750,000, and last stated by him to be \$900,000 or \$925,000, were embraced in the settlement between the company and Mr. Stockwell. Neither were certain other large abstractions by him so settled, as the officers were not at the time aware of the nature of the abstractions, their amount, or the method of their concealment by false entries on the books of the company, and have only recently discovered them.

To explain what, I have observed, was not well understood in the minds of certain members of this committee, and to correct an evident misapprehension and false impression in regard to members of the board of directors under the Stockwell administration, in 1872, when these abstractions were principally made, I wish to state that the entries upon the books of the company were so made that an examination of the books of the company by a director, or by an auditing committee, in the usual or ordinary discharge of their duty, would not have discovered or detected them. The entries made on the books of the company to cover the transactions of the \$750,000 of money which Mr. Irwin received on May 24, 1872, were so made that if they had been seen upon the books of the company, by any director examining the books, they would have appeared to be in the usual transaction of the company's business, and would not have given rise, ordinarily, to any suspicion.

The usual and ordinary transactions between the company and its San Francisco agency are very large, and the entry of a large amount, as charged to the San Francisco agency, would not in itself be a matter of suspicion to any officer or director of the company. In this case only \$100,000 of this amount was charged to the San Francisco agency at the time of the abstraction, and the remaining \$650,000 was charged on the books of the company as a loan to Harriot & Noyes, one of the prominent private banking-houses and brokers' firms of the city of New York at that time.

An entry on the books of the company charging large sums, as in the case of a loan on 24th May, 1872, of \$650,000 to Harriot & Noyes, was not such an entry as would have excited the least notice on the part of a director who might have discovered it on the books of the company. It was the practice of the company to make large loans, even larger than these sums, to bankers and brokers, and it had frequent transactions of this character. The entries would not have advised a director of the abstraction of money or led him to suspect it; and this is true of the various false and irregular entries that were made to cover the various abstractions of the funds of the company to which I allude.

Some criticisms have been made against the auditing-directors for not examining into this affair and discovering these frauds from an examination of the books. I think these criticisms unjust, for it has only been

by the most careful and diligent search, with the aid of this investigation, by careful and competent experts, employed by the company, that the abstractions have been fully detected, and the manner in which they were made and successfully concealed on the books, have been discovered and exposed.

A misapprehension appears to exist not only in the public mind, but, I fear, even by members of Congress, as to the precise nature and character of the legislation of 1872.

This committee is well aware that that legislation was not a subsidy in any sense to the Pacific Mail Steamship Company.

I wish to show as a part of my evidence in this case, in order that the committee and Congress may exactly understand the true posture of affairs, the exact character of that legislation. There was no act of Congress in 1872 granting any subsidy to the Pacific Mail Steamship Company whatever.

The general appropriation bill of 1872 entitled "An act making appropriations for the service of the Post-Office Department for the year ending June 30, 1873," and which was the general bill of that year for the support of that entire branch of the Government, under which numerous contracts for mail-service have been made, was approved June 1, 1872. This act had no provision or clause in favor of the Pacific Mail Steamship Company whatever.

By the 3d and 6th sections of that act the Postmaster-General was authorized to advertise and invite bids or proposals for the mail steamship service between San Francisco, China, and Japan under the conditions prescribed by the act of Congress, and to let the contract for that service to the lowest bidder, according to the terms and provisions of the act.

On the 5th June, 1872, the Postmaster-General made public advertisement, pursuant to the act, inviting proposals for the mail-service. The Pacific Mail Steamship Company was the successful bidder, and, under the authority of the general appropriation bill, the contract was awarded to it, and on the 29th August, 1872, the mail-contract was duly made and entered into between the United States of the one part and the Pacific Mail Steamship Company of the other part for the additional monthly mail-service between the port of San Francisco and the port of Hong-Kong, China, via Yokohama, in Japan, as authorized by the general appropriation act of June 1, 1872. Afterward, and on the 23d August, 1873, the United States Government made and entered into a new contract with the Pacific Mail Steamship Company, with George H. Bradbury and Rufus Hatch as sureties, dated that day, for carrying an additional monthly mail for the ports above named, conditioned in all respects like the previous contract of August 29, 1872, for the said mail-service, at the rate of \$500,000 per annum, being at the rate of \$41,666 for each round voyage, in the currency of the United States, payable in quarterly payments, on the receipt at the Post-Office Department of satisfactory evidence of the performance of the round voyages embraced in said payments, to be paid by the Government of the United States to the company for carrying the mails according to the terms and provisions of the contract.

This contract is still in full force and effect; and the Pacific Mail Steamship Company has maintained the additional monthly mail-service therein provided for between those ports; and has carried the and is still carrying the mails, making, in connection with the previous contract between the United States Government and the company, a semi-monthly mail service.

Up to the present time the Pacific Mail Steamship Company has never received one dollar from the Government on account of this additional monthly service, provided for by the contract.

In order to perform the contract, as construed by the United States, the company was required, at great expense, to build a number of vessels, which were required to be of not less than 4,000 tons register each, to be built of iron, and with their engines and machinery to be wholly of American construction, and to be so constructed as to be readily adapted to the armed naval service of the United States in case of war, and, before acceptance, were to be inspected by the officers of the Government, who were to report to the Secretary of the Navy and Postmaster-General whether these conditions had been complied with. On the faith of such contract, and pursuant to its terms and provisions, and in performance of the same, the Pacific Mail Steamship Company has, since the said contract was made, constructed and fully equipped two steamships not excelled by any afloat in the world, namely, the City of Peking and the City of Tokio, at a cost, including outfit, supplies, and the expense of delivery at the port of San Francisco, where the contract requires the vessels to be delivered, of upwards of \$2,800,000. Both these vessels have been duly inspected by the board of naval officers under the direction of the Secretary of the Navy, who have duly certified that all the conditions of the law have been fully complied with in their construction, and on the 8th day of August, 1874, both the said steamships were duly accepted by the United States Government for the additional monthly mail-service between San Francisco, Japan, and China, under the contract before recited, and of which the company was officially notified by the Postmaster-General.

The steamship City of Peking is already at San Francisco, and the steamship City of Tokio, now *en route* for San Francisco from New York, is probably on the Pacific Ocean, and will shortly be in San Francisco.

To enable the company to carry out its contracts, it has commenced the construction of three other additional steamships of the class and character required by the terms of the said contract and the law of June 1, 1872, upon account of the construction of which the company has already expended and paid out the large sum of \$375,000.

The total cost of construction and equipment of the three additional steamships now in process of construction, and their delivery at San Francisco, will not be less than the sum of \$2,400,000; making a total expenditure, when they are so finished and delivered, of \$5,200,000 on the part of the company in the construction of the peculiar class of vessels required by the law of 1872 and the terms of the contract, to enable the company to perform the same according to its terms.

By the CHAIRMAN:

Q. You have stated that over \$2,000,000 were extracted from the funds of the Pacific Mail Steamship Company by Mr. Stockwell and Mr. Irwin. Have you any knowledge of any more money being brought to this city for the purpose of procuring legislation on the subsidy measure than Mr. Irwin has testified to?—A. I have no knowledge that any money whatever was brought to this city. There are entries on the books charged to profit and loss, charged to supplies, charged to stores, and charged to steamships, but it is impossible for us to tell what became of the money. I cannot say whether it came to Washington, or went to London, or San Francisco. All that I know is that it has gone.

Q. What the committee desires to know is just how much money has

been brought to Washington for the purpose of procuring legislation for the subsidy. Have you any knowledge of any other sums of money having been brought here other than has been testified to by Mr. Irwin?—A. I have not.

Q. Can you put us on the track of any other sum of money having been brought here for the purpose than what Mr. Irwin has testified to?—A. I cannot; I do not know that any money at all was brought here for that purpose.

Q. Do you know of the use of any money here for the purpose of procuring the subsidy in any other manner than has been testified to by Mr. Irwin?—A. I do not.

Q. Have you any knowledge of the use of it in the manner in which Mr. Irwin himself has testified?—A. No, sir; I have not. I do not know that one dollar was ever paid to any member of Congress, Senator, or other person for any legislation.

Q. On the subject of the use of money here by the Pacific Mail Steamship Company to procure the subsidy, have you any knowledge at all that you can communicate to us?—A. I positively deny that any money was ever used for the purpose by the Pacific Mail Steamship Company.

Q. Have you any knowledge on the subject which you can communicate to us?—A. Not the least.

Q. When you say that the testimony of Mr. Irwin about a contract between him and the Pacific Mail Steamship Company in regard to the use of money here is absolutely false, do you mean to say that it is absolutely false that Mr. Stockwell made a contract with him in regard to the employment of money?—A. I am only speaking of the books, records, and papers of the Pacific Mail Steamship Company. I do not know Mr. Stockwell's private business.

Q. Do you mean to say that it is absolutely false that Mr. Stockwell made a contract with Mr. Irwin in regard to the expenditure of money here?—A. I mean to say that it is absolutely false that there is any record on any books or papers in the company's office that can be found relative to the Pacific Mail Steamship Company having any contract with Richard B. Irwin for that purpose.

Q. I was inquiring whether you mean to say that it is false that Mr. Stockwell had any such contract with him?—A. My reply is that I do not know Mr. Stockwell's private business.

Q. Do you mean to testify that that statement is false?—A. No, sir.

Q. I understood you to say that you had no knowledge about the contract between Mr. Stockwell himself and Mr. Irwin?—A. Only from the evidence, as submitted by Mr. Irwin, and the letters from Mr. Stockwell to Mr. Irwin on the subject.

Q. At the time that Mr. Irwin testified that this contract was made by Mr. Stockwell, was not Mr. Stockwell president of the Pacific Mail Steamship Company?—A. He was.

Q. Whether Mr. Stockwell had authority from the company to make this contract or not, have you any other knowledge except the absence of any record on the subject?—A. I have not.

Q. And therefore, when you say that it is absolutely false that the company made such a contract, do you mean to say anything more than that there is not a particle of a record in the company's office showing any such thing?—A. Not only that, but I mean to say it is already in evidence that it was a private contract between Stockwell and Irwin, and admitted to be so by Irwin, and admitted by other people. That is all the knowledge I have of it.

Q. Then, when you say that it is absolutely false, you mean to say that there is no record of it on the books of the company?—A. Yes.

Q. And that you think it is false from another fact, namely, that the contract was made in the name of Mr. Stockwell with Mr. Irwin?—A. Yes.

Q. Whether Mr. Stockwell is authorized in any manner by the company to make such a contract, otherwise than by record, you have no knowledge?—A. No, sir.

Q. When you say that there was no correspondence between the company and Mr. Irwin, you mean to say that you have not been able to find any?—A. There is no record of any letter written to him, and there are only those letters from him which I produced to the committee in New York.

Q. Have you any other knowledge in regard to the correspondence between the company and Irwin, except that you are unable to find any trace of it in the books of the company?—A. I have not. As the company's books all exist, and as there is no erasure in them, such correspondence would appear in them if there was any.

Q. Have you any fact to communicate to the committee in regard to a correspondence between the company and Mr. Irwin except the fact that you are unable to find any record or any copy of any such correspondence on the books of the company?—A. I have not.

Q. You have taken special pains to find it?—A. I have.

Q. You found none?—A. I found none.

Q. And that is what you mean by the statement that none exists?—A. Yes.

By Mr. NIBLACK:

Q. I do not understand you to deny here the fact that a large amount of the Pacific Mail Steamship Company's funds were spent here in Washington by Mr. Irwin?—A. That I neither deny nor affirm; I was not here. All that I know about it is from the evidence produced here.

Q. And what you desire to impress on us is that, if there was any such expenditure of money, it was without the authority of the company?—A. Yes, sir; it was entirely unauthorized. I think that Mr. Irwin stated that he gave Mr. Stockwell five minutes to pay him three-quarters of a million or else there would be trouble.

Q. After having heard the evidence of Mr. Irwin, and having examined the books, are you prepared to deny that the \$750,000 in the checks of Mr. Stockwell were the funds of the company?—A. I should positively state, in that connection, from the examination of the books and cash accounts, that there was a vacuum of three-quarters of a million when Mr. Stockwell left the office that day. There is no doubt about that.

By the CHAIRMAN:

Q. Whether that money came here or not, you do not know?—A. That I do not know.

Q. But you know that he took that money out of the funds of the company that day?—A. He took that money that day, and various sums before and afterward.

By Mr. NIBLACK:

Q. I understand that there was a compromise subsequently by which Mr. Stockwell returned that money?—A. There was not a compromise made as to that money. There was a settlement made by which Mr.

Stockwell turned over to the company four steamers for \$800,000, and the notes of the Howe Sewing-Machine Company for \$840,000.

Q. For what?—A. In place of money which Mr. Stockwell owed the company individually, and in place of securities which he had used for his own individual account—95,000 shares of Panama Railroad stock.

Q. Mr. Irwin stated in his testimony that Mr. Stockwell told him that Samuel A. Hatch was employed here at your request and suggestion. Have you any statement to make on that subject?—A. He was not employed at my suggestion, to my knowledge. Mr. Hatch is a gentleman from Kentucky and a thoroughbred, and has had an account with me since 1868. He was not in my office at that time that I know of. He had an account of perhaps 1,000 or 2,000 shares of stock. He is no relative of mine, and I had no more connection with his employment than I had with the employment of any member of this committee.

Mr. NIBLACK. A good deal of importance has been placed on the employment of Mr. Hatch, and Mr. Irwin stated that Mr. Stockwell told him that he was employed at your suggestion. Do you deny the fact?—A. I do.

By the CHAIRMAN:

Q. Do you know where this other Hatch is?—A. I do not.

Q. When did you see him last?—A. About the 1st of December.

Q. Did you have anything to do personally with the final adjustment with Mr. Stockwell?—A. No, sir. It was done before I was elected director. I think it was made in February or March, 1873.

Q. It was done without your knowledge?—A. Yes, sir.

Q. And without your consent?—A. Yes.

Q. You were a stockholder at the time?—A. Yes; but I did not know anything about it.

Q. Do you know whether Mr. Sage had any hand in it?—A. I do not. He was not a director at that time.

Q. Neither you nor Mr. Sage had any hand in it?—A. No, sir.

Q. And were not consulted about it?—A. No, sir.

Q. Did you receive any consideration for consenting to it?—A. No, sir. I was not a director at the time of the settlement. Let me explain what I suppose there is a reference to. When we took charge of the Pacific Mail Steamship Company we found a considerable of a wreck, and among the assets we found \$840,000 of the notes of the Howe Sewing-Machine Company. This was settled with Mr. Stockwell for ten thousand shares of the Pacific Mail Steamship stock for which the company received \$427,000. That is the statement exactly as to the settlement with Stockwell made in March, 1873, prior to the election of Mr. Sage and myself.

Q. You participated in this last settlement that you speak of?—A. Yes.

Q. And so did Mr. Sage?—A. Yes.

Q. Did either of you receive any consideration?—A. I did not receive a dollar in consideration.

Q. Directly or indirectly?—A. Not directly or indirectly.

Q. Did Mr. Sage?—A. Not to my knowledge.

Q. Did you receive any credit on the company's books for it in any way?—A. No, sir.

Q. Did Mr. Sage?—A. No, sir. I never have received a dollar, directly or indirectly, from the Pacific Mail Steamship Company, in any way, as a rebate, as a commission, or in any trade, directly or indirectly, beyond my salary. I want to state that, and to have it put in the record, notwithstanding the statements of the New York Times and Tribune.

Q. Have you any knowledge in reference to Mr. Sage in that connection?—A. I have not. Not only that, but I state, in addition to it, that, so anxious was I to get the money to launch the Peking and Tokio, and to get them on the China line to carry the mails as per contract, so that the contract would not be forfeited, I urged on the board of directors to take a less sum of money than they did afterward receive for the ten thousand shares of stock. The settlement by which ten thousand shares of stock were taken for the \$840,000 of notes of the Howe Sewing-Machine Company did not, directly or indirectly, refer to any of those abstractions whatever. They were not known then to the company. They were covered up in coal-accounts, steamer-accounts, supplies-accounts, and in various entries, which have all been made public, or will be at some future day. They could not have been settled at the time that the settlement was made in February or March, 1873, because the board of directors knew nothing whatever about them. The settlement by which the ten thousand shares of stock were received in place of the \$840,000 notes of the Howe Sewing-Machine Company was late in 1873 or early in 1874, and the dispute, as I recollect it, was about repairs to two steamships, the Dakota and the Moses Taylor.

Q. In that settlement with Mr. Stockwell, were the \$2,000,000 which you say he and Irwin abstracted included?—A. The amount is about \$2,700,000. Of this, as I before stated, the company received back from A. B. Stockwell that \$1,640,000, and that included those four ships.

Q. That would leave unaccounted for how much?—A. Some \$1,100,000 or \$1,200,000.

Q. Of that, how much came to Washington?—A. I do not know that any of it came to Washington.

Q. Then, when you say that Mr. Stockwell and Mr. Irwin abstracted \$2,000,000, you include the various transactions of Mr. Stockwell?—A. Yes, sir.

Q. His transactions in the stock-market as well as the money which it is claimed came here?—A. Yes.

Q. Altogether you make the sum over \$2,000,000?—A. Yes; the books show that.

Q. Do you think that Mr. Irwin had anything to do with that abstraction which was used in the stock-market in New York?—A. I do not know anything about it, except what Mr. Irwin admits, when he says that he gave Mr. Stockwell five minutes to pay him three-quarters of a million.

Q. Have you any knowledge of Mr. Irwin being connected with stock-jobbing operations?—A. No, sir.

Q. Whatever of the funds of the company was used by Mr. Stockwell in that connection, have you any knowledge that Mr. Irwin had anything to do with it?—A. I have not. I want to call attention to the four \$100,000 checks. Mr. Irwin claims that these were the company's checks. I have the check-books of the company covering all that period, and I find that there are not four \$100,000 checks drawn to Mr. Irwin, Mr. Stockwell, or anybody else. There is no trace of them at all on those books, or on any other books.

Q. Is there a trace of any checks drawn to the order of Mr. Irwin, which he has not testified about?—A. There are several, dating back a year previous.

Q. Do you find any traces of checks to the order of Mr. Irwin, covering this period, to which he has not testified?—A. I do not know that I do; but what I want to call attention to is, that he swore positively

that he had four \$100,000 checks of the Pacific Mail Steamship Company, in the letter of March 4.

Q. You mean to say that there is no trace of those checks on the books of the company?—A. There is not, either on the stubs or the books.

WASHINGTON, D. C., *February* 15, 1875.

AUGUSTUS H. WHITING sworn and examined.

By the CHAIRMAN:

Question. State your residence and occupation.—Answer. I reside at Weedsport, N. Y.; I am a dealer in real estate and securities.

Q. Where were you in the spring and summer of 1872?—A. I came from Arizona in the winter of 1871, arriving at New York late in the month of January, 1872. During the remainder of that spring and until the beginning of the summer I was at Washington.

Q. What was your business in Washington?—A. I came here under employment by Mr. R. B. Irwin.

By Mr. KASSON:

Q. Did you know the purpose for which Mr. Irwin was here? What did Mr. Irwin employ you to do?—A. To promote the passage of the bill for the subsidy to the Pacific Mail Steamship Company, in any way that I could properly and legitimately.

Q. How long were you engaged in that employment under Mr. Irwin?—A. I took employment late in the month of January, and was engaged at it until late in the month of May.

Q. I suppose that you received some compensation for it?—A. I did.

Q. How much?—A. The compensation agreed upon between Mr. Irwin and myself, at my office in New York, the day after my arrival from Arizona, was \$10,000 a year, extending over the term of the subsidy, contingent upon the passage of the subsidy.

Q. What were you to do for that ten thousand a year?—I was to hold myself subject to Mr. Irwin's directions, and to do whatever I could to promote the success of the measure.

Q. Are you now receiving that ten thousand a year?—A. No, sir; at a subsequent interview with Mr. Irwin, we made an arrangement by which that \$10,000 a year was capitalized and reduced on a cash basis. It was thus reduced to \$56,500.

Q. That was all that you received in any form or manner from Mr. Irwin?—A. Yes, sir.

Q. Did you receive any sum from anybody else in relation to the subsidy?—A. No, sir; I did not.

Q. How was this \$56,500 paid to you?—A. Mr. Irwin gave me his check for it.

Q. On what bank?—A. I think the American Exchange National Bank.

Q. Do you recollect whether that check was payable to your order?—A. It was payable to my order.

Q. Up to what time did you remain in Washington?—A. I was obliged to remain here, on account of the sickness of my child, until some time after Congress had adjourned that summer. I did not leave here until late in June.

Q. State directly the character of your services; what did you do for this money?—A. I did whatever I could by way of exerting my influence,

(such little as I had,) and talking with everybody I met, setting forth the object of the bill and the advantages of passing it. I did this, as far as I was able, and on any and all occasions.

Q. In the direct effort to procure the passage of the subsidy, what did you do?—A. I cannot really say that I did anything more than that—talking with everybody that I knew.

Q. I do not mean what you did by talking to men on the street, but to members of Congress in either House.—A. I even talked to people on the street when opportunity offered.

Q. You do not think that that was worth a great deal to the company. We want to know what you did to help to procure the passage of the subsidy. Did you talk with members of the House and Senate, and, if so, with how many?—A. I do not recollect particularly now having spoken with any member of the House. I do recollect having spoken with a member of the Senate.

Q. Then your work, so far as it directly applied to either House, was in the Senate and not in the House of Representatives?—A. My work, as I stated before, was to do anything I could and to speak favorably of the project under all circumstances, and particularly to do what Mr. Irwin requested or directed me to do.

Q. Did he request you to work in the House of Representatives?—A. He requested me, if I saw any opportunity to put in a word that would be of advantage, to do so.

Q. What did you do or whom did you see in the House?—A. I do not recollect seeing any member of the House.

Q. What you did directly was done in the Senate and not in the House, so far as it concerned members of Congress?—A. Yes, sir; so far as I remember now.

Q. What were you asked by Mr. Irwin to do in the Senate?—A. Mr. Irwin told me (to come to the point) that he thought a Senator who he desired should be favorably disposed toward the measure was feeling perhaps a little cross to him personally, and perhaps toward some members of the Pacific Mail Steamship Company.

Q. Mention his name.—A. It was Senator Cole. Mr. Irwin said that he was very desirous of removing that prejudice from Mr. Cole's mind, if there was any prejudice on it, and that he was very desirous that Mr. Cole should support the measure heartily and wholly. He asked me to see him, and I did so. I found that Mr. Cole, on my first interview with him, had no prejudice to be removed, and that he was very heartily in favor of the measure; that he proposed to support it, and had always supported it; that his constituents demanded it of him; that it was a Pacific-coast measure, and that he could not do otherwise than support it, as he expressed himself.

Q. And so that work was quickly done?—A. That work was quickly done.

Q. Were you asked to see any other Senator in particular?—A. No, sir.

Q. Do you recollect any other Senator to whom you addressed yourself on the subject?—A. I do not recollect any other.

Q. Then you received \$56,500 for what you have now stated, so far as any direct work in the House or the Senate was concerned?—A. I received the \$56,500 in pursuance of a contract made between Mr. Irwin and myself. It was for my time spent here, not particularly for the work which I could do or did do, because I never represented that I could do any particular amount of work. I told Mr. Irwin that I was engaged in quite an extensive business of my own, the business of my house approximating at times to a million of dollars; that I had never

failed to make for myself out of that business about \$10,000 a year, and that I could not afford to come on here, and undergo the expense of bringing my family here, (as I would not separate myself from my family,) and to give my whole time to this matter, without being paid for it.

Q. The business that you were engaged in at the time was in Arizona?—A. In Arizona, San Francisco, and New York. I had my office at New York, where I was purchasing and forwarding goods to the house of Hooper, Whiting & Co.

Q. Your own headquarters were in New York?—A. Yes, sir; at that time.

Q. And you came here from New York, not from Arizona?—A. I came here from New York. I came from Arizona to New York on the day when I met Mr. Irwin there.

Q. Mr. Irwin did not summon you on here from Arizona?—A. No, sir.

Q. What led Mr. Irwin to believe that your influence with Senator Cole would be more powerful than that of anybody else?—A. That I am unable to tell you. I surmise, however, that it was from the fact that we had been friends, and that Mr. Cole had been my counsel and adviser in various matters connected with my business. I had known Mr. Cole's family somewhat intimately, but had not known himself very intimately. I had been in the habit of calling at his house and visiting his family.

Q. Is there any connection between you and Mr. Cole?—A. There is no connection. Mr. Cole's wife and my uncle's wife were sisters, if you can figure any connection in that way. There is no tie of consanguinity whatever between us. That is the only connection between us.

Q. Did you let Senator Cole know that you had so large a pecuniary interest in the passage of that subsidy?—A. I did not.

Q. Did you let him know that you were hired to secure his influence?—A. I did not.

Q. You never told him what amount you were to receive?—A. Never.

Q. You never told him subsequently what you had received?—A. Never.

Q. You led him to believe that you also were speaking from a Pacific coast point of view, did you?—A. I did.

Q. Did you employ anybody under you, in consideration of this money that was to be paid to you?—A. No, sir.

Q. Did you do anything with any part of the money under Mr. Irwin's direction?—A. No, sir; I kept it myself, and used it for my own exclusive purposes.

Q. The entire amount?—A. The entire amount.

Q. You were not directed by Mr. Irwin to share any part of it with anybody?—A. None whatever.

Q. And you did not share any part of it with anybody?—A. I did not.

Q. I call your attention to a check which appears to have been signed by you.

It is as follows:

[No. 71.]

NEW YORK, November 11, 1872.

[Revenue-stamp marked A. H. W., 11, 11, '72.]

Pay to the order of Hon. Cornelius Cole eighteen thousand and twenty-three and $\frac{20}{100}$ dollars.

A. H. WHITING.

\$18,023 $\frac{20}{100}$.

(Across the face of the check:)

Stamped. Accepted November 13, 1872. Payable at the National Park Bank.

(Signed)

EUGENE KELLY & CO.,
Per H. G. BEALES.

(Indorsed :)

C. COLE.

Deposit:

GEO. D. KRUMBHAAL, *Treasurer*.

(Stamped.) Pay to the order of Chemical National Bank, New York, for collection for the Girard National Bank of Philadelphia.

(Signed)

J. RAMSET,
Cashier.

Be good enough to state the facts about it, so that any misapprehension that might arise in regard to it may be cleared up.—A. I will do so very cheerfully. At that time, November 9th, 10th, 11th, and 12th, I was confined at home by sickness. I owed a debt in Philadelphia, and was unable to be there personally to pay it, on account of my sickness. I sent this check to Senator Cole, and asked him to pay that debt for me. It was my own personal private debt. He being at Philadelphia at the time, turned over the check to this party to whom I owed the money, indorsed it, and took the receipt in my name and sent it to me.

Q. I see here an additional indorsement to the Chemical National Bank by the Girard National Bank of Philadelphia.—A. Very likely. I am unable to say how that was. It was a debt that I owed in Philadelphia.

Q. You state distinctly that this was altogether a private transaction?—A. Yes, sir; entirely personal.

Q. In which Mr. Cole had no interest whatever?—A. None whatever.

Q. From what sort of a transaction did this liability arise?—A. From a debt which I had agreed to pay at that time in Philadelphia.

Q. A debt of your own or of somebody else?—A. A debt of my own.

Q. I do not wish to enter into unnecessary particulars, but I would like you to state how you became liable for that debt, whether it was a transaction in real estate, a transaction in personal property, or some other transaction.—A. It might be called a transaction in stock.

Q. To whom did you owe the money?—A. To Mr. Krumbhaal. If you have the check itself, it will verify my statement. Mr. Krumbhaal is the treasurer of the California Construction Company.

Q. And this debt was from an operation in stock?—A. It was for a stock-subscription.

Q. You had subscribed to some stock?—A. I had.

Q. And this was in payment of that subscription?—A. Yes.

Q. And you alone were interested in that subscription?—A. Yes.

Q. You did not subscribe to the stock, or pay this money in a representative capacity, or as an agent for anybody?—A. No, sir.

By the CHAIRMAN:

Q. What occasion was there for you to send this check to Mr. Cole in Philadelphia and have him indorse it to Mr. Krumbhaal; why did you not send it to Mr. Krumbhaal direct?—A. Because I wanted a receipt taken from Mr. Krumbhaal.

Q. Have you got his receipt?—A. I have, but not with me.

Q. Would not the check itself indorsed by him be a receipt to you

when it came back?—A. It might have been better to send it in that way.

Q. Does anything occur to you now that was gained by sending it through Mr. Cole, who happened to be in Philadelphia?—A. The object in sending it to him was that he should take a receipt.

Q. Does anything occur to you now to show that there would be any advantage in that process?—A. No, sir; not particularly.

Q. Is Mr. Krumbbaal in Philadelphia now?—A. I presume he is.

Q. What was the business of this California Construction Company; what was it to construct?—A. It was to construct a railroad.

Q. Where?—A. From Texas through to California.

Q. You say that Mr. Irwin sought you out the very next day after you got to New York from Arizona?—A. My impression now is that I met Mr. Irwin at some hotel-office, or on the street, the day of my arrival, and that he asked my address.

Q. How soon after your arrival in New York did you make this contract with him?—A. The very next day.

Q. A contract which covers ten years of service and \$10,000 a year?—A. Yes, that was the original contract.

Q. And you made it the day after you got to New York?—A. Yes.

Q. And the service you were to perform was to do what you could here to procure a subsidy?—A. Yes.

Q. Did you and he, when the contract was made, contemplate that you would be ten years in getting the subsidy?—A. I presume not.

Q. How long did you contemplate being at work getting the subsidy?—A. I do not know that I had any settled conviction on the subject.

Q. Then how came you to fix ten years as the time?—A. I presume that that arose from the fact that the subsidy was to extend over ten years, and that my fee, or stipend, or salary, was to be a portion of that subsidy.

Q. Then it was measured not by the time that you were expected to spend here, but by the time that the company was to receive the subsidy?—A. I cannot say that particularly.

Q. I suppose you know Mr. Krumbhaal very well?—A. Yes, sir; I have a business acquaintance with him.

Q. What is his business?—A. He is treasurer of that construction company.

Q. What was he brought up to?—A. I do not know.

Q. What business does he follow in Philadelphia; is he a lawyer there?—A. I do not know.

Q. As to the arrangement with Mr. Irwin, it was for ten years' service at \$10,000 a year, graduated by the time the subsidy was to exist, and not by the time that you were expected to be employed in such service?—A. I did not say that.

Q. Tell us how it was.—A. I do not wish to be so understood exactly.

Q. Let me see if I understand you: do I understand you to say that it was a contract for ten years?—A. It was a contract for the payment of \$10,000 a year during ten years.

Q. It was not a contract for a service that was to extend over ten years?—A. The contract, so far as the service was concerned, was that I should hold myself in readiness to perform such service as I was directed by Mr. Irwin.

Q. I understood you to say that the reason why you asked so much was, that your own services were worth \$10,000 a year, but if you were only to spend such time as was needed to procure the subsidy here, you

were at liberty to dispose of the other nine years and ten months, were you not?—A. I presume so.

Q. You would have nine years and ten months to spare?—A. I suppose so.

Q. Give us the reason why you put such a value on your services for the period of two months? Was there any reason why you should charge \$10,000 a year for ten years?—A. I believe that gentlemen, in making contracts, generally get what they suppose their services are worth, if they can.

Q. Did you suppose that your services for two months were worth \$100,000, if they were worth only \$10,000 a year in your own business? It would take ten years, in your own business, according to that estimate, for you to get \$100,000?—A. Yes.

Q. Why did you demand of Mr. Irwin, and why did Mr. Irwin agree to pay you, \$100,000 for two months' services?—A. I did not say that it was for two months' services.

Q. It was for the time that the subsidy was pending, was it not? It was for what you could do during that time?—A. It was for what I could do in promotion of the subsidy.

Q. Can you think, in addition to your answer to Mr. Kasson, of any other one thing that you did except what you have testified to?—A. I came here and spent my time and reported to Mr. Irwin, from time to time, for orders.

Q. I ask you if you can think of any other one thing that you did?—A. I do not recollect any other thing at present.

Q. Then, for two months' services, and for going once to see Mr. Cole, and bringing back word to Mr. Irwin that Mr. Cole was all right before you went there, you and Mr. Irwin capitalized the \$100,000?—A. That was in settlement of the contract.

Q. How came you and he to settle it on that grand sum of \$56,500 if, in point of fact, you had only served for two months, and if, in point of fact, you had only done this one thing; that is, gone and seen Mr. Cole once, and found that there was no need of your going to him at all?—A. I cannot give you any reason for it, except that Mr. Irwin found himself bound, as an honorable gentleman, to carry out the contract that he had made.

Q. The settlement at \$56,500 was not carrying out the contract, but was making another one after the work was all done.—A. I do not know whether it was after the work was all done.

Q. Did you set that value on the services you rendered?—A. I think that the capitalization took place before the matter was over.

Q. Before you got through the work?—A. I think so.

Q. I thought you said it was after it was all over?—A. I do not think I so stated; I am not positive on that point, but my recollection is that it was before the work was got through.

Q. How long after you saw Mr. Irwin in New York was it before you saw Mr. Cole?—A. I went to Weedsport and got my family, and came on here, occupying perhaps a space of four or five or six days' time. I could not have seen Mr. Cole before I arrived here.

Q. How long was it after you made the contract before you saw Mr. Cole?—A. It was within four or five or six days' time.

Q. Ten days would cover it?—A. Very likely.

Q. Then in ten days' time you found the work done, and after that you made this capitalization, did you?—A. Yes, subsequently to that time.

Q. You reported to Mr. Irwin that the purpose of your employmen

was accomplished successfully, and that there was no need of his having employed you at all?—A. I did not say that.

Q. Then you and he settled for \$56,500?—A. Yes.

Q. If the object of employing you was to influence Mr. Cole favorably for the subsidy, that was a thing which there was no necessity for doing, because you say that Mr. Cole was already on the side of the subsidy.—A. That was my understanding.

Q. Did Mr. Irwin, when he entered into this contract with you, say that he had any reason to believe that Mr. Cole was on one side or the other?—A. I do not know that he said that he had any reason to believe so.

Q. Did he say that he did not know how Mr. Cole was?—A. I do not know that he did, but he gave me to understand from the conversation that he thought that Mr. Cole was feeling rather cross toward him.

Q. Did he say that he did not know it, or that he only thought so?—A. I think he said he thought so.

Q. And you came right here to Washington to see Mr. Cole as soon as you could get your family to come?—A. Yes.

Q. And Mr. Cole told you that he was always friendly to the thing, and that it was a Pacific coast measure?—A. Yes.

Q. That his constituents demanded it of him?—A. Yes.

Q. And that he was going into it heartily?—A. That he should support the measure.

Q. I understood you to say that he would support it heartily?—A. I think he said something to that effect.

Q. You found him as well disposed toward the measure as you could desire, did you?—A. I think I may say that.

Q. And found him as free to communicate that disposition as you could desire?—A. I think I may say that.

Q. Then, if he was free to communicate it to you, he would have been just as free to communicate it to Mr. Irwin before Mr. Irwin hunted you up in New York. Do you know any reason why he would not have been?—A. I know of no reason why.

Q. Then if, instead of making a contract for \$100,000 with you, Mr. Irwin had gone to Senator Cole himself, you know of no reason why Senator Cole would not have told him that he was friendly to the measure?—A. I do not know of any reason why.

By Mr. KASSON:

Q. What was the amount of the check given to you by Mr. Irwin?—A. Fifty-six thousand five hundred dollars.

Q. Did he never give you a check for any larger sum?—A. No, sir.

Q. And you never received from him, or from Mr. Stockwell, or from anybody, any other sum than that \$56,500?—A. I received no other sum.

Q. Mr. Irwin stated before the committee a charge against you of \$65,000.—A. I saw that statement, and I have no doubt that Mr. Irwin made a mistake in it, or confounded me in some way with some other payment, because he did not pay me any other sum than \$56,500.

Q. He never made any payment to you except at that one time?—A. No, sir.

Q. Previously he had given you no money?—A. No, sir.

Q. And subsequently he gave you no money, or check, or voucher for money?—A. No, sir. Mr. Irwin evidently made a mistake about it.

Q. In his account with the Bank of California, he has the entry:

"Returned by Whiting, \$40,000." Did you ever return any money to him?—A. Not to my knowledge.

Q. You never returned or gave him a balance of \$40,000, or any other money?—A. I do not know how he may have considered it. My understanding was that when he handed me a check for \$56,500, it was in full settlement; but whether he may have had the balance of the original agreement for the \$100,000, and called it money returned by me, I am unable to say. So far as I am concerned, he paid me \$56,500, and no other sum.

Q. Your memory is perfectly clear about that?—A. I should not be apt to forget it. I have nothing to conceal in the matter, and I have no disposition to claim loss of memory.

Q. I am free to say that I see no evidence that you have any such disposition. You are perfectly clear that you never returned the sum of \$40,000, or any other sum, to Mr. Irwin?—A. I am.

Q. And that you never received any other sum from him than this \$56,500?—A. I received no other sum.

Q. And that you never returned any sum to him?—A. I never returned any sum to him.

Q. Nor any paper on which he would procure it?—A. No, sir.

Q. And this amount you drew at New York in money?—A. No, sir; I indorsed the check and passed it over to the cashier, and took a certificate of deposit for it.

Q. And that certificate of deposit you took away with you?—A. I took it away with me for some time. On my return to New York I deposited it with my banker.

Q. In the mean time you made no use of the certificate of deposit?—A. None whatever.

Q. And your banker was Eugene Kelly & Co.?—A. Yes, sir.

By Mr. NIBLACK:

Q. You say that you have nothing to conceal about this matter, and so far you seem to have testified very frankly; but we have been induced to believe, by what we have seen in the newspapers and heard otherwise, that you have been reluctant to come before the committee to testify; and that you have kept out of the way of the service of the subpoena. I simply want to know what explanation you have to make of that, if you had nothing to conceal.—A. I have simply to say in regard to that matter, and I say it with very much chagrin on my part, that I have made a mistake. But greater men than I have made mistakes before. My first absence from home was not to avoid the service of the subpoena; but I went to the oil regions of Pennsylvania, where I had legitimate business. When I came out, and saw in the newspapers that my name was connected with this matter, I was somewhat appalled by it. Not being a lawyer, I did not know how far I might be involved, and I preferred to take a little time to consider it and reflect upon it. Another reason that deterred me from coming here was the fact that I saw that Mr. Irwin had stated that I had received \$100,000, which was an error on his part, and one which I supposed would be obvious to him when he came to reflect upon it, and that he would embrace the first opportunity to go before the committee and correct it, and I preferred that it should be so corrected in order to avoid any conflict. These are the two reasons for my stepping over to Canada, where I was only five or six days.

Q. Would it not have been better for you to come and make the ex-

planation yourself?—A. It is very obvious now that it would have been better. As I said before, I made a mistake which I am very sorry for.

Mr. NIBLACK. I think that your keeping out of the way has been a serious injustice to Mr. Cole, and I spoke of it more on that account.

The WITNESS. I am very sorry for it, indeed.

Mr. NIBLACK. It was popularly supposed that that was the matter which you desired most to conceal.

The WITNESS. I am very sorry for it, indeed; but it is too late now. I did it under a mistaken impression. I wish to say, however, that I came voluntarily.

By the CHAIRMAN:

Q. How did you get the summons at last?—A. I received no legal summons except at my hotel here.

Q. How did you receive the invitation from this committee?—A. I received a telegram at Hamilton, Canada, to which I very promptly responded that I would come as soon as possible.

Q. Do you know how the committee succeeded in getting that notice to you?—A. No, sir; I have no idea.

Q. Did you get a telegram from somebody else at the same time?—A. No, sir.

Q. Do you not know that a message from the committee followed another message to you at Hamilton?—A. A telegram from my wife came to me there.

Q. And just about that time the telegram from this committee followed it?—A. I telegraphed to my wife after my arrival there. I arrived at Hamilton, Canada, I think, during Wednesday night, and perhaps on Thursday I telegraphed to my wife that I was there and well, and I wrote to her. Some time during Sunday this telegraphic summons was delivered to me. Of course I knew it was not a legal subpoena, but I had made up my mind to come.

Q. Did you not get the telegram from your wife on Sunday?—A. No, sir; I did not.

Q. What time did you come out of the oil-regions?—A. I left the oil-regions for Hamilton, and arrived at Hamilton during Wednesday night.

Q. When you made this contract with Mr. Irwin in New York, which covered a compensation of \$10,000 a year for ten years, did you sever your connection with your business-house?—A. I did.

Q. And did not return to that employment?—A. I did not.

Q. You have not been in that employment since?—A. I have not.

Mr. Kasson read to the witness extracts from the testimony of Mr. Dumont Clarke, assistant cashier of the American National Bank, and asked the witness whether, refreshing his memory by that statement, he could speak any differently as to the fact, whether he brought a \$100,000 check to the American Exchange Bank.

The WITNESS. I cannot. My impression, which amounts to a conviction, was that the check which Mr. Irwin handed me was for \$56,500, and which I handed directly over to the cashier of the American Exchange Bank after indorsing it.

Q. You say that the check to you was for that precise sum of \$56,500?—A. Yes, sir; I have no doubt of that.

Q. Did any one accompany you to the bank?—A. Mr. Irwin was there with me, and there was another gentleman there, but I did not know him; he did not go with me.

Q. Where was the check itself given to you by Mr. Irwin—in that bank or somewhere else?—A. In that bank.

Q. That was the first time that you saw the check?—A. Yes, sir.

Q. Now is it not possible that Mr. Irwin filled out a check for \$100,000 and told the officers of the bank to issue this certificate of deposit to you for this \$56,500, and that something else was done with the rest of the money?—A. It is certainly very improbable that a check should pass through my hands and I not know the amount of it. Of course, almost anything is possible; but I have been quite in the habit of handling checks, some of them for large amounts, and it certainly is not probable that I would have indorsed a check without knowing the amount it covered.

Q. Do you recollect whether Mr. Irwin had other checks at the time?—A. I believe he had.

Q. He simply passed this check into your hands before it went to the officers of the bank?—A. I think he passed it into my hands, and I turned it over and indorsed it and passed it to the cashier, asking him to give me a certificate of deposit. He asked me to give him my signature so that he could identify the certificate of deposit when returned, which I did.

Q. That was the only possession of the check which you had—passing it in this way to the bank officers?—A. Yes, sir.

Q. Do you recollect the sum of any of the other checks that Mr. Irwin had at that time?—A. I do not; I did not see them.

Q. I would like to refresh your recollection by showing you the account of Mr. Irwin with the American Exchange National Bank, which is before this committee, and in which you see, [exhibiting it to witness,] under date of May 27, no entry made of \$56,500, but you do observe two different entries of \$100,000 each, which were paid on that day.

The WITNESS. I am quite unable to account for it. I assure you I have stated the exact facts, according to the best of my knowledge.

Q. And you are absolutely certain, if the check was for a larger sum, that you yourself drew no part of it then, or subsequently, beyond the \$56,500?—A. I am very certain of that. The only money, or representative of money, that I carried away with me from the bank was this certificate of deposit for \$56,500.

Q. Did you go to San Francisco soon after that time?—A. No, sir.

Q. You were not in San Francisco in the latter part of that year?—A. No, sir.

By Mr. NIBLACK:

Q. Did you have any co-operation with Mr. King, the late postmaster of the House, in reference to the subsidy matter?—A. No, sir.

Q. Did you know that he was employed in the same business with you?—A. No, sir, I did not. I have not the pleasure of his acquaintance at all.

Mr. NIBLACK. I was informed that you did know him, and that you were employed specially to co-operate with him.

The WITNESS. I do not know him; I would not recognize him if I saw him.

Mr. J. B. STORM again came before the committee in reference to the testimony of Moses Dillon, and said:

I desire to state now what I said in 1872, that if, by Mr. Dillon's putting my initials on the memorandum that he spoke of, they were intended to represent my name, he was entirely incorrect, because I never had a thousand-dollar bill in my life, and I never had that amount changed in the Sergeant-at-Arms' office. I have had small bills changed

there, perhaps \$100 bills, if I were paid such in my monthly pay, but I never had a \$1,000 bill; and I can say here, as I stated before the committee in 1872, that not one dollar was ever paid for my vote or influence on any measure pending in Congress.

The CHAIRMAN. Perhaps you can say whether you had ever any money changed at the office of the Sergeant-at-Arms except what came from your salary?

Mr. STORM. Never, except what came to me from my monthly pay. That I had frequently changed there. Mr. Kerr, who was then a member of this committee, communicated to me the fact that my initials were on Mr. Dillon's list, and I came immediately before the committee and testified. I met Mr. Dillon probably an hour afterward, and I said to him, "Your statement is an outrage on a man who has never had a thousand-dollar bill in his life, and who never has received anything for his vote on any question, and specially on a man who opposed this subsidy measure all the way through." Mr. Dillon frankly stated that he found he had made a mistake. He said to me, "There are some gentlemen about whom I find I have made a mistake, and I am going to the committee and ask them to strike out my testimony." He seemed very much annoyed at the fact having got out. I said to him, "You cannot expect to go before an investigating committee and give testimony reflecting upon a member of the House and expect the matter to be kept quiet. My friends on the committee have informed me that you made that statement." He then said that he would go before the committee and ask to strike out his statement, because it was unreliable as to two or three gentlemen.

Mr. KELLEY. Mr. Dillon himself, in his recent testimony, swears that he is eminently deficient in the memory of persons and names, so that he had continually to ask members of the House, when they came in, from time to time, for their names, showing that he might very well have mistaken one person for another.

Mr. NIBLACK. Yes, and he states that he did not know that the initials J. B. S. referred to Mr. Storm. He did not remember whether he had any such initials, but he was reminded by Mr. Burchard that he had so stated before the committee two years ago.

WASHINGTON, *February 18, 1875.*

GEORGE D. KRUMBHAAR sworn and examined.

By the CHAIRMAN:

Question. Please state your residence and occupation.—Answer. I reside at 2131 Walnut street, Philadelphia. I am treasurer of the California and Texas Railroad Construction Company.

Q. What is that?—A. It is a company chartered by the State of Pennsylvania for the construction and equipment of railways.

Q. In any particular place?—A. No particular place.

Q. For the construction and equipment of railways all over the world?—A. All over the United States.

Q. Had it, in 1872, any business in any particular locality; had it commenced its legitimate business anywhere?—A. Yes, sir; it was engaged in constructing the Texas and Pacific Railway.

Q. When was it organized?—A. I do not remember exactly; I think in 1871.

Q. Did you receive, in 1872, a check indorsed over to you by Mr. Cornelius Cole?—A. I did, sir.

Q. What was the sum?—A. I do not remember exactly; it was somewhere about \$18,000.

Q. Did you ever receive more than one check from Mr. Cole?—A. I think not, sir.

[The check is already in evidence. It is dated New York, November 11, 1872, and reads:

“Pay to the order of Hon. Cornelius Cole, \$18,203.21.

(Signed)

“A. H. WHITING.”]

Q. Tell us all about that.—A. Mr. Whiting subscribed to our company, and I called upon him for a payment on account of his subscription, and it was sent to me through Mr. Cole. Mr. Whiting, I suppose, could not come himself, and in sending this amount he drew the check to the order of Mr. Cole, who acted simply as his agent and handed it to me. Mr. Whiting was credited with the amount, and Mr. Cole received a receipt for the amount for Mr. Whiting. Mr. Cole was not a subscriber to our company. That is all I remember about it.

Q. Was there stock issued to Mr. Whiting?—A. Yes, sir.

Q. Does it stand in Mr. Whiting's name to-day?—A. I think he placed some shares with Mr. Cole to sell to some friends of his on the Pacific coast. That was some time during last year, and subsequent to that Mr. Whiting said to me that he expected to have those shares retransferred to himself, so I suppose the sale was not made.

Q. There was some stock transferred to Mr. Cole for sale on the Pacific coast?—A. Yes, sir; I simply heard that incidentally.

Q. Was it transferred to Mr. Cole on your books?—A. I think it was.

Q. How much?—A. I think 4,000 shares.

Q. What is the par value of 4,000 shares?—A. \$200,000.

Q. It was transferred at what time?—A. It was during last year, 1874; I cannot remember the date.

Q. Has it been retransferred?—A. It has not.

Q. You heard Mr. Whiting make that statement in reference to it?—A. Yes, sir; it was simply mentioned in the office that that was the object of the transfer, and afterward—I do not know whether I asked him or whether he volunteered the statement—he said that he expected to have it transferred back.

Q. How many shares did Mr. Whiting have?—A. I think about \$40,000—800 shares.

Q. That is the par value of how many shares?—A. At \$50 a share, that would be 800 shares.

Q. Two hundred thousand dollars of stock was transferred besides that to him?—A. Yes, sir.

Q. And there still stands in his name the amount you have mentioned?—A. Yes, sir.

Q. Was that paid for by Mr. Whiting?—A. It was.

Q. When?—A. It was not entirely paid for; there is an amount due upon it still.

Q. It was paid in installments?—A. Called in installments. Mr. Cole has never spoken to me about the subscription at all, nor about the transaction. It was Mr. Whiting who simply mentioned that fact.

Q. All you know about it is what appears on your books?—A. Yes, sir.

Q. Did Mr. Cole have any dealings with you at all?—A. None whatever.

Q. He brought this check to you?—A. He brought this check to me

simply as an agent for Mr. Whiting. Mr. Whiting drew the check to his order, probably through courtesy, or for safety, and he handed it over to me; and he got an official receipt from me, for Mr. Whiting, for the amount.

By Mr. KASSON:

Q. When was the original subscription for the stock made by Mr. Whiting?—A. I cannot give the date. I think the subscriptions were opened in October, 1871; and I think he was one of the early subscribers.

Q. Was there anything in the transaction or transactions that led you to believe that Mr. Cole was personally interested in that subscription?—A. Not at all; on the contrary, I should think he was not.

Q. All you know touching the object of the transfer to him was the statement made by Mr. Whiting that he was transferring those shares to put them on sale on the Pacific coast through Mr. Cole?—A. Yes, sir; he wanted to place them among his friends and the friends of the enterprise, on the Pacific coast.

Q. That left how many shares in Mr. Whiting's name?—A. \$40,000; that would be 800 shares left after the transfer was made.

Q. And the whole 4,800 shares were originally subscribed by Mr. Whiting about October, 1871, you think?—A. Subsequent to that; I cannot give the date, but it was not very long after that; it was about the commencement of the subscriptions; it was all subscribed in one subscription. I never saw Mr. Cole in relation to it except on that one occasion, when he said he had this payment to make for Mr. Whiting.

WASHINGTON, D. C., *February 23, 1875.*

PAUL STEVENS sworn and examined.

The CHAIRMAN. In looking over the examination of Mr. King, last Congress, I find your name mentioned in this question put to King: "Are you aware of the fact that it was commonly rumored and believed that both you and Mr. Stevens, on the floor of the House, were in the service of that company for money?" This leads the committee to call you. State your business.

The WITNESS. I am assistant librarian, in charge of the Hall library of the House of Representatives.

Q. Were you in that position in the Forty-second Congress, during the pendency of the subsidy legislation?—A. Yes, sir.

Q. Did you know Mr. Irwin then?—A. I did not.

Q. Did you know any of the agents of the Pacific Mail Steamship Company?—A. I did not.

Q. Did you receive any money from anybody in connection with any service in regard to the subsidy?—A. I did not.

Q. Did you render any service to the company, or engage to render any?—A. I did not.

Q. Did you have any money, in any way, in connection with the subsidy?—A. Not a dollar.

Q. Did you have anything to do with Mr. Schumaker?—A. No, sir.

Q. Did you aid him?—A. No, sir.

Q. Or Mr. King?—A. No, sir.

Q. Or Mr. Irwin?—A. No, sir.

Q. Or Mr. Abert?—A. No, sir; I did not know the man.

Q. You had nothing whatever to do with the matter?—A. No, sir.

By Mr. BURCHARD:

Q. Do you know of any money being paid, directly or indirectly, to any member of either House of Congress in connection with the subsidy?—A. No, sir; I do not.

The following correspondence was presented and ordered to be printed in the proceedings of the committee:

WASHINGTON, D. C., *February* 13, 1875.

MY DEAR SIR: It has been stated by Mr. Richard B. Irwin, before the Committee on Ways and Means, that during the winter and spring of 1871-'72, I worked at Washington in aid of the Pacific Mail act, and in particular that I talked with you in favor of it.

Will you be kind enough to inform me whether or not that statement is correct?

Very truly yours,

JOHN ROACH.

Hon. ALEXANDER RAMSEY,
United States Senator.

I would not know Mr. Roach if I saw him, and have no recollection of ever having had any conversation with him on any subject, the Pacific Mail bill or any other.

ALEX. RAMSEY.

WASHINGTON, D. C., *February* 13, 1875.

MY DEAR SIR: It has been stated by Mr. Richard B. Irwin, before the Committee on Ways and Means, that during the winter and spring of 1871-'72, I worked at Washington in aid of the Pacific Mail act, and, in particular, that I talked with you in favor of it. Will you be kind enough to inform whether or not that statement is correct?

Very truly yours,

JOHN ROACH.

Hon. SAMUEL SHELLABARGER.

I never had any conversation with Mr. Roach about the Pacific Mail subsidy that I can recollect, and am very certain he never named that subject to me. I did hear him upon the subject of what we should do in aid of our foreign commerce, and from all I know of his views on that subject, as derived from that interview, I supposed he was opposed to that bill, as I was.

S. SHELLABARGER.

NEW YORK, *February* 15, 1875.

SIR: I desire to state to the committee that Mr. Irwin is mistaken in his testimony that I worked for the subsidy under an understanding with Mr. Stockwell that I should build ships for the company.

The only interest I then took was in the general subject of commerce and ship-building; mainly in connection with the proposed bill of Secretary Boutwell for making an allowance from the Treasury of the United States of a certain sum per ton for new ships built.

I never advocated, nor gave any particular attention to the Pacific Mail matter.

I had no understanding with Mr. Stockwell that I should build any ships if the bill passed, and had no conversation with Mr. Stockwell, or any of his agents, on the subject of building ships for service under the new contract until about June, 1872, after the bill had become a law, and then only as their agent. Captain Baby said, after they had tried other ship-builders, and found none willing to assume the responsibility of building such large ships. Therefore they came to me as a necessity.

I do not remember seeing Mr. Shellabarger but once, and then only upon the general subject of ship-building, concerning which I wrote him a letter which was printed at the time.

I do not remember ever speaking to Senator Ramsey on any subject. I never spoke to either of these gentlemen in aid of the Pacific Mail contract, as the accompanying letters will show.

I should be very glad to have this letter taken as part of my testimony, or to be recalled as a witness, and to have Messrs. Ramsey and Shellabarger asked to make their statements directly to the committee.

Very respectfully,

JOHN ROACH.

Hon. HENRY L. DAWES, *Chairman.*

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LAWRENCE vs. SYPHER.

FEBRUARY 27, 1875.—Laid on the table and ordered to be printed.

Mr. JAMES W. ROBINSON, from the Committee on Elections, submitted
the following

REPORT:

The Committee on Elections, to whom was referred the contested-election case of Lawrence against Sypher, from the first congressional district of Louisiana, submit the following report:

Both claimants held certificates of election on which they asked to be seated, but the House gave the *prima-facie* right to Mr. Sypher and seated him, and adopted resolutions for serving notice of contest, filing answer, and taking testimony by the parties, so that the case was not ready for hearing on its merits until the present session of Congress.

The committee find that of the five returning-boards that had an existence, claiming the right to canvass the returns of the election in Louisiana in 1872, only two ever pretended a promulgation of the result of any canvass made, viz, the Forman board and the Lynch board, so called. The committee have not found it necessary to decide which, if either, of these boards was the legally-constituted board to make such canvass.

We find the Forman board had actual possession of the parish returns, and so far as they were promulgated they were correctly tabulated, and, with the exceptions hereinafter mentioned, are substantially correct. They are as follows:

Compiled returns of an election held in the State of Louisiana for Congressmen on the 4th day of November, A. D. 1872, pursuant to the provisions of an act entitled "An act to regulate the conduct and to maintain the purity and freedom of elections," &c., approved March 16, 1870.

FIRST CONGRESSIONAL DISTRICT.

Parishes.	J. B. Hickman.	J. H. Sypher.	Effingham Lawrence.
Livingston Parish		199	478
Orleans, Fourth ward		1,032	1,150
Fifth ward		1,425	1,770
Sixth ward		852	1,405
Seventh ward		1,758	1,464
Eighth ward		700	1,355
Ninth ward		734	1,860
Fifteenth ward		43	747
Plaquemines Parish	22	1,040	414
Saint Helena Parish		411	563
Saint Bernard Parish			
Saint Tammany Parish			
Tangipahoa Parish		658	723
Washington Parish		201	426
Total	22	9,056	12,355

It will be observed that no returns are reported from Saint Bernard and Saint Tammany Parishes. The evidence shows that in Saint Bernard Parish Sypher received 410 votes, and in Saint Tammany 629 votes, and that Lawrence received in Saint Bernard 270 votes, and in Saint Tammany 460 votes, which should be counted for them respectively. That in the Ninth ward of the parish of Orleans 943 votes were reported by the Forman board as cast for Sypher as candidate for Congress from the second district instead of the first. The evidence satisfies the committee that he should receive credit for these 943 votes.

Making these corrections, Mr. Sypher's total vote would be 11,088, and Mr. Lawrence's total vote would be 13,035.

To overcome this majority of 1,947 votes, as shown for Mr. Lawrence by the returns, the committee is asked to make deductions for frauds, &c. The principal ground on which this claim is based is the fact that in Plaquemines Parish the First, Second, and Third ward voting-places were abolished for that election, by means of which a large republican voting population was left in the upper part of that parish from 25 to 35 miles from the nearest polls. The committee characterize the abolition of these voting-places as an outrage, for which there should be some relief. They, however, find that Mr. Lawrence was not a party to this wrong, and, so far as he was able, he caused restitution by tendering to all voters, irrespective of party, the free use of his steamboat, which went down from Orleans and stopped at the several landings and took voters to the polls down the river.

The committee are unable to estimate the number who failed on that account to vote, but think, from the evidence, that it could not have exceeded about 350 votes altogether. The republican vote in that parish was 1,040 in 1872. In 1874 it was 1,417, or 377 increase. As that parish was quiet, the probability is the vote of 1874 would be a fair test, but the vote for Lawrence was also increased several hundred over 1872.

The committee, however, are not able to find any principle of law on which votes could be added for that parish, even granting votes were lost to Mr. Sypher by reason of the failure to establish proper voting-places, unless the provisions of the enforcement act were strictly followed, which no one claims was done.

The other claim of contestee is that in the seven wards of Orleans Parish, in the first district, sufficient fraudulent votes were counted for Lawrence to make all of his majority counted as above.

The evidence on this point is very conflicting, and the witnesses subjected to the criticism of being parties to the crime. Their means of knowing how far they were successful in their effort to carry the election by fraud, was not sufficiently accurate to satisfy the committee of the correctness of their estimates. In fact, with one or two exceptions, the witnesses did not pretend to estimate the extent of success of their efforts at fraud. That they were capable of perjury in office, and attempted fraud in violation of their official oaths, they swear to, and that at least the leaders in the conspiracy were venal, and were led to unblushingly expose their shame for gain, is clearly shown; and yet that such was the character of the officers chosen to conduct the election machinery in the interest of the fusion ticket in Louisiana has caused the committee to inquire with great care whether it was possible that in the seven wards, in the first district, sufficient fraudulent votes could have been counted to change the result. In that inquiry the committee cannot escape the belief that there could not have been one thousand fraudulent votes counted in these wards, for several reasons:

1st. The Lynch board, which made its canvas from *estimates* and out-

side evidence, as well as the returns of the parishes, added only 108 votes to these seven wards, besides the 943 before named as counted for the second district. The Lynch board was governed very largely by what was known as the political complexion of the several wards and parishes.

2d. There were United States supervisors of election at every polling-place, who were also present at the counting of the votes for members of Congress, and every fraud would be liable to be detected by them.

3d. The witnesses testify as to frauds *generally*, and not to specific acts of fraud, with but few exceptions, and their estimates are, in the opinion of the committee, entirely too problematical to overthrow positive returns.

Therefore if the committee should allow Sypher 377 votes in Plaquemines Parish, and deduct 1,000 from Lawrence in the seven Orleans wards, the result would still leave Lawrence elected by 570 majority.

Again, examine the case in another way, viz: The Lynch board, from estimates and reports of the United States supervisors, and from the returns as promulgated, made a proclamation of the result in the district as follows:

Extract from the compiled returns of an election held in the State of Louisiana for Representatives to the Forty-second and Forty-third Congresses, on the 4th day of November, A. D. 1872, pursuant to the provisions of an act entitled "An act to regulate the conduct and maintain the freedom and purity of elections," &c., approved March 16, 1870.

1ST DISTRICT.

Parishes.	J. H. Sypher.	E. Lawrence.
Livingston.....	235	455
Orleans.....	7, 516	9, 643
Plaque. mines.....	2, 354	414
Saint Tammany.....	121	103
Saint Bernard.....	460	270
Saint Helena.....	687	289
Tangipahoa.....	769	618
Washington.....	157	433
Total	12, 299	12, 225

We, the undersigned, returning-officers, pursuant to authority vested in us by the act No. 100, approved March 16, 1870, do hereby certify that the foregoing is a true and correct compilation of the statements of votes cast at an election for Representatives to the Congress of the United States held in the State of Louisiana on the 4th day of November, 1872; and we hereby declare the following-named persons were duly elected Representatives to Congress, to wit, J. Hale Syphers, first congressional district, Forty-third Congress.

JOHN LYNCH,
President of the Board.
 JAMES LONGSTREET,
 GEO. E. BOVEE,
Returning-Officers.

It will be seen Saint Tammany Parish and Saint Bernard are counted; but in Saint Tammany Parish the committee are satisfied an error is made against Sypher, viz, 508 should be added to Sypher's vote, and 307 to Lawrence's.

The evidence of the members of the Lynch board and others shows beyond doubt that they at first decided in favor of Lawrence and made out and signed his certificate, and were about to deliver it when a large number of affidavits were brought in and were counted for Mr. Sypher, thereby changing the result and electing him by 74 majority. These affi-

davits were many of them simply "manufactured" for the occasion. The number of them is uncertain, but no witness makes the number less than 1,314, while the weight of evidence is that there were 1,700 of them.

As that board was strongly partisan and made its decision on estimates and all the evidence before it, we cannot believe it would largely err in favor of Mr. Lawrence.

These affidavits, must be deducted from Mr. Sypher's vote. If we call the number 1,314 the lowest named, and correct the parish of Saint Tammany as before mentioned, Lawrence will have a majority of 1,039. In the Lynch canvass, 1,037 votes were added to the republican vote of the seven wards in the first district of Orleans Parish, of which the 943 were a part.

If we should concede 1,000 fraudulent votes, however, in these parishes, Lawrence would still be elected. The relative strength of the colored and white population of these seven wards also makes the claim of so large a fraud improbable. By the census of 1870, in the Ninth ward, for example, the white population was 10,442, while the colored was only 1,552. In that ward the Forman board gave Sypher 739 votes, and Lawrence 1,860. While the population is one colored to six and seven-tenths white, the vote of Sypher is one to two and a half for Lawrence. Now, Mr. Long swears that there were 244 fraudulent votes for Mr. Lawrence in that ward, which, if true, would reduce the proportion to about one republican to two democrats, which is so unreasonable that the committee cannot accept it as true upon the mere estimate of witnesses now strongly sympathizing with the other side. Therefore, whether we estimate from the promulgation of the Forman board or from the Lynch board, we reach the same conclusion, and recommend the adoption of the following resolutions:

Resolved, That J. Hale Sypher was not elected a member of the Forty-third Congress from the first district of Louisiana.

Resolved, That Effingham Lawrence was duly elected a member of the Forty-third Congress for the first district of Louisiana, and he is entitled to his seat.

J. W. ROBINSON,
On behalf of the Majority of Committee.

Mr. HAZELTON submitted the following as

THE VIEWS OF THE MINORITY:

The undersigned minority of the committee decline to concur in affirming the right of the contestant to a seat in the Forty-third Congress, for reasons hereinafter stated.

We premise by saying that the contestee was seated upon a certificate which *prima facie* entitled him to the seat, and that his right thereto upon the merits was not submitted to the committee before taking the same.

The contestant takes the seat, if at all, upon proving, affirmatively, to the satisfaction of the House, that he has a right thereto upon the merits. We submit that the evidence shows conclusively the utter absence of any such right.

The following parishes comprised the first district:

Orleans, Fourth ward, Fifth ward, Sixth ward, Seventh ward, Eighth ward, Ninth ward, Fifteenth ward, Livingston, Saint Bernard, Saint Helena, Saint Tammany, Plaquemines, Tangipahoa, Washington.

The election was conducted under the auspices of the democratic party, Governor Warmoth being conspicuously identified with the fortunes of that party for the time being, and employing all his power and enginery, in conjunction with the leaders of that organization, to accomplish a partisan success.

As an illustration in point, the parish of Plaquemines, in the south part of the district, is about 130 miles in length, and has always, since 1868, polled a large majority of republican votes. The bulk of the colored population is in the north portion of the parish. In order to prevent the colored voters from participating in the election, the democratic managers, immediately prior to the election, changed the polling-places of the parish, and took up or discontinued those in the portion of the parish where the colored voters resided, so that on the west side of the river no polling-place was established for 47 miles from the north boundary of the parish, and on the east side for 38 miles. A more high-handed and flagrant attempt to prevent the colored voters, who were known to be republicans, from participating in the election, cannot be conceived. It was a wicked and shameless scheme on the part of the contestant's friends to defeat rather than to secure a fair election. It was a base prostitution of the powers emanating from the executive, wielded by or under the dictation of democratic leaders, to consummate a dishonest and dishonorable purpose. Under the law of Louisiana the registrar, who is appointed and may be removed by the governor of the State, fixes the polling-places in his parish, and may determine their number and location according to his own wishes or interests, without consulting the convenience of the voters at all.

This power was exercised in the parish of Plaquemines in such manner as to require colored voters to go as far as from Alexandria and Washington to Baltimore to vote; and to emphasize the outrage the arrangements were consummated so clandestinely that the mass of colored voters knew nothing of the discontinuance of the polling-places theretofore established until the very day of the election.

The following admission appears in the printed evidence :

It is admitted that there were no polls on the left bank of the Mississippi River, above the court-house, say thirty-five miles distance from the upper line of the parish; that on the right bank there was no poll above Ronquillo settlement, a distance of forty-seven miles; and it is further admitted that the largest part of the republican or colored vote was in these parts of the parish.

It is further admitted that the bulk of the opposition vote was in the lower part of the parish, at the election held on the 4th day of November, 1872, in the parish of Plaquemines, for members of Congress.

EFFINGHAM LAWRENCE,
Per H. C. WARMOTH,
Representing Mr. Lawrence.

Mr. Challaire, a democratic registrar, testifies as follows in referring to this subject :

Q. Why didn't you establish polling-places in the upper part of the parish?—A. Well, I didn't want to say a word about that, but as my friend Mr. Lawrence went to my court-house the other day and said I was the only one at fault for this, that I had not put more polls in the parish, I will say that Mr. Lawrence advised to put only three and I put five.

The result of this scheme was what might have been anticipated; less than half of the estimated republican vote of the parish was polled.

Judge William M. Prescott states in his testimony that "according to the registration-books made by the democratic registrar, Challaire, and after a most careful revision of the books of his predecessors and the erasure of all doubtful and suspicious names therefrom, the registered vote of this parish was 3,180."

Of this number it is claimed by the contestant that but 1,454 were polled—the deficiency being almost exclusively on the part of the republicans. Mr. Prescott states the number of republican votes not polled at 1,710.

The number of republican votes cast at the seven wards or polling-places in this parish, where the polling-places were taken up and discontinued, was, in 1870, as stated by Judge Prescott, according to the official returns, 2,204.

Turning from this parish, let us look at the testimony touching other parts of the district.

In doing this it becomes necessary to refer to and quote from the testimony of Blanchard, Long, Carey, Downs, Cannon, McLaughlin, and others, all or nearly all of whom were in the contestant's party, and the most of whom held some official position under the election-laws.

UNITED STATES OF AMERICA,
District of Louisiana :

Personally appeared before me Walter Sully Long, who, being duly sworn, upon his oath states as follows:

From March, 1872, to January, 1873, I was chief clerk to B. P. Blanchard, then holding the office of State registrar of voters for the State of Louisiana. In that capacity I was in the fullest confidence of my chief, and was aware of all and every transaction of a political nature in the office during the campaign of 1872.

The necessity of carrying the election for the fusion party was frequently a matter of discussion between Blanchard, myself, and others, and a plan of operations was finally adopted at my suggestion, and carried out, as follows :

I. The sexton's monthly returns of burials of persons over the age of twenty-one years were carefully compiled by wards, the registration-number ascertained and noted, and a list made of them.

II. A thorough examination was made of the registry-book of 1870, in order to ascertain the number of names of fictitious persons registered in that year. In every ward where the persons having control of these false registry-papers were acting with the fusion party these names were used, but in wards where the supervisors of 1870 were

not acting in harmony with the fusion party, particular care was taken to prevent their using the fraudulent papers, and to detect any attempt at so doing.

III. A system was established requiring all persons who had been registered as voters in 1870, and who had subsequently removed, to deliver up their papers of that year before receiving certificates of registration in 1872. These were sent to the office of the State registrar of voters every week, and were carefully sorted out by myself and others, and all that showed no evidence of having been examined by the United States supervisors of election were set aside, to be used by repeaters on election-day.

IV. During the ten days preceding the election a list was made out by me of the registry numbers and names of the dead, removed, and fictitious persons before described, and given to each assistant supervisor of registration for the city wards. Two or more persons in each ward, who were to serve as commissioners of election, were set to work making lists of those names upon sheets of paper similar to that designed to be used on the day of election in keeping the written list of voters required by law at each polling-place.

V. The poll-lists were printed, containing the entire registration of both 1870 and 1872. No erasures were made until the Saturday and Sunday preceding the election, when the names that could not be made available for the fusion cause were crossed off in black pencil on the list for certain polls in each ward, and in number to correspond with the written list of names before alluded to.

These preliminaries having been completed, it was a mere question of manual dexterity on the part of the commissioners of election to get within the box a number of ballots to correspond with the names crossed off in black from the printed lists, and written in advance upon the tally-lists.

The estimate of the number of votes required to carry the election was as follows:

For the First ward, 500; Second ward, 500; Third ward, 1,000; Tenth ward, 500; Eleventh ward, 500; Twelfth ward, 250; Thirteenth ward, 100; Fourteenth ward, 50—making a total of 3,400 for the up-town wards; and for the Fourth ward, 300; Fifth ward, 500; Sixth ward, 500; Seventh ward, 500; Eighth ward, 600; Ninth ward, 600; Fifteenth ward, none—a total of 3,000, and an aggregate of 6,400. To this must be added the number of papers to be voted on by "repeaters," which was estimated at 2,000.

VI. The number of fraudulent votes actually counted, and which can be proved by my own testimony and that of other persons concerned, is—

In the First ward	281
In the Second ward	243
In the Third ward	803
In the Tenth ward	306
In the Eleventh ward	330
In the Twelfth ward	101
In the Thirteenth ward	98
In the Fourteenth ward	26
Total up town	<u>2,188</u>
In the Fourth ward	186
In the Fifth ward	155
In the Sixth ward	336
In the Seventh ward	
In the Eighth ward	393
In the Ninth ward	244
In the Fifteenth ward	
Grand total	<u>1,314</u>
Grand total	3,502

Beyond this, the papers given to repeaters were about 2,000. I cannot at present remember the exact number, but I think that 1,400 were given out to be used in the first, fourth, and sixth municipal districts, and 600 to be used in the second and third districts.

I further know, and can produce, I believe, the men who acted as commissioners of election at the polls in each ward, where fraudulent votes were cast or counted at the general election of November 4, 1872.

WALTER S. LONG.

Sworn to and subscribed before me this 4th day of September, 1873, at New Orleans, La.

F. A. WOOLFLEY,
U. S. Commissioner.

Brainard P. Blanchard, another witness whose capacity for the sort of work required of him will hardly be questioned, swears :

That he was appointed by Henry C. Warmoth, governor of the State of Louisiana, to the office of State registrar of voters, being also *ex-officio* supervisor of registration in and for the parish of Orleans ; that he filled the said office during the years 1870, 1871, and 1872 ; that in the last-named year he was in full political sympathy with the liberal movement, and subsequently, upon the fusion of the liberal and democratic parties, with what was known and styled the fusion party, and, in conjunction with others of the same political party, devised plans for carrying the general election of November 4, 1872, in favor of said fusion party and their candidates, by taking advantage of all the powers with which he was invested by the acts of the general assembly, numbered, respectively, acts No. 99 and 100, approved March 16, 1870, and known as the registration and election laws of 1870.

That, in furtherance of this scheme, he caused a careful compilation of the list of deceased males over twenty-one years of age who had died since the close of registration in 1870, which lists were required by law to be furnished to him by the sextons of the various cemeteries in the parish of Orleans ; and that said lists so compiled were carefully collated with the registration books, and the registry-number and the election-precinct in which the deceased was registered noted.

That instead of carrying out to the full letter the provisions of section 7 of the registration-law, he caused to be erased from the lists of registered voters only the names of such deceased electors as were well known in the community, but in cases where the deceased was an obscure personage, (a large majority of the whole number,) he caused to be made out a duplicate registration-certificate in his name ; the same to be retained and used at the general election, as is hereinafter set forth.

Further on deponent says :

Deponent further says that to his knowledge a large number of certificates of registration had been issued in 1870 in the names of fictitious persons ; that he caused a careful examination of the books of registration to be made, and of other records and memoranda in his possession, to ascertain the quantity of such fraudulent registries, and also made efforts to ascertain in whose possession such papers in the names of fictitious persons were, and did obtain possession of some two thousand such papers ; and in relation to such of said papers which he could not obtain possession of, the following course was pursued, to wit, whenever he ascertained that they were in the hands of persons belonging to the republican party, he then and during registration caused the said fictitious names to be erased from the registry lists as fraudulent ; but in all cases when he ascertained that such papers were in the possession of persons in the interest of the fusion party, he instructed the assistant supervisors of registration not to erase such fictitious names from the books, in cases where he had confidence in those officers ; but in cases where he had reason to suspect the fidelity of any assistant supervisor, or to believe any of them would not assist in or abet such work, he prohibited them from making any erasures whatever, reserving that work for himself, or assigning it to some confidential clerk or confidential agent whom he could implicitly trust, as will more fully appear by the documents hereto annexed and marked A and B.

The witness then goes into a lengthy detailed statement of the frauds actually perpetrated by the political managers of the democratic or fusion party in the election of 1872, and closes with the following statement :

Deponent further says that he believes, and has reason to believe, and knows, that, had not the fraudulent practices as above recited been resorted to and made use of by persons in the interest of the fusion party and for the benefit and advantage of said fusion party, as hereinbefore set forth, and had the election returns been properly and fairly made by the supervisors throughout the State, and had the large republican parishes which were thrown out unjustly, unfairly, and for the purpose of reducing the republican vote, been counted as they should have been, the candidates for presidential electors, members of Congress, and State officers upon the republican national and State ticket would have been shown to have been elected by a large majority of the votes cast in the State at the election held on the 4th of November, 1872.

And deponent further says that he believes, has reason to believe, and knows, that the republican national and State tickets received a considerable majority of the votes actually cast at the election held on the 4th day of November, A. D. 1872, in the State of Louisiana.

B. P. BLANCHARD.

Sworn to and subscribed before me on this 2d September, 1873 ; and I hereby certify

that the affiant, B. P. Blanchard, was State registrar of voters, &c., during the years 1870, 1871, and 1872.

Witness my hand and seal at the city of New Orleans, on the day first above named.

[SEAL.]

F. A. WOOLFLEY,
*United States Commissioner, Chief Supervisor of Elections,
District of Louisiana.*

William L. Catlin, another witness, testifies as follows :

UNITED STATES OF AMERICA,
District of Louisiana :

Personally appeared before me, the undersigned authority, W. L. Catlin, a resident of the city of New Orleans, who being duly sworn deposes and says: That he was in full sympathy with the so-called fusion party at the last general election of November 4, 1872, in the State of Louisiana; that he was, during the same year, an intimate personal and business friend of B. P. Blanchard, then State registrar of voters, and as such aided him in many ways in carrying out his plans for securing the success of the fusion party at the said election; and that, among other things, he aided in the preparation, labeling, and supplying with stationery, &c., the regular ballot-boxes for said election, and attended to their distribution to the various wards. There were in all one hundred and seventeen ballot-boxes used in the city of New Orleans, and that, in addition thereto, he attended to the distribution of sundry additional or duplicate boxes on Sunday night, November 3, for use at the said election, as he understood, to further promote the success of said party, by substituting or otherwise, and delivered some of them personally to the parties whom it was intended should use them.

W. L. CATLIN.

Sworn to and subscribed before me this 2d day of September, 1873.

F. A. WOOLFLEY,
United States Commissioner.

Henry L. Downs, another witness, in the employ of Blanchard, engaged in the business of aiding the fusionists or democrats, says:

Q. How many names of colored registered voters were improperly stricken from the rolls in the Fourth ward?—A. I have the figures here that I made out myself some time ago.

Q. You can use them in refreshing your memory now in answering my question.—A.—Three hundred and nine in the Fourth ward were stricken from the rolls in that manner.

Q. And in the Fifth ward how many?—A. Two hundred and twenty-three.

Q. And in the Sixth ward?—A. Three hundred and fifty-three.

Q. And in the Seventh ward?—A. Three hundred and eighty-six.

Q. And in the Eighth ward?—A. One hundred and sixty-four.

Q. And in the Ninth ward?—A. One hundred and twenty-two.

Q. In all, how many?—A. One thousand five hundred and fifty-seven.

Q. Were those names stricken off arbitrarily?—A. They were ordered to be stricken off.

Q. Was any evidence taken to ascertain whether they were entitled to vote before this action was had?—A. I don't know.

Q. By whose order were those names stricken off?—A. It was after a consultation with the fusion committee, Dr. Walker, and others.

Q. Do you know whether any fraudulent duplicate certificates were issued?

[Mr. Rice objected to the question as leading.]

Q. Do you know whether any such thing was ever done or not for the first congressional district?—A. I do.

Q. Do you know whether any were issued in the wards within the first congressional district of this city?

[Objected to as leading.]

A. I do.

Q. State succinctly the manner in which such fraudulent or duplicate certificates were issued.—A. I can state how they were obtained. I decline to state how they were issued.

Q. State how they were obtained.—A. They were obtained by persons moving from one ward to another. According to the requirements of the registrars, each of these persons moving from one ward to another were to give up their original certificate and get a new one. These original certificates were sent to the central office of the State registrar of voters. Some of them were canceled, but many of them were re-issued in this manner to be voted upon again.

Q. How many of such certificates were issued?—A. I should judge about three thousand of them.

Q. Can you approximate the number that was issued for the Fourth, Fifth, Sixth, Seventh, Eighth, and Ninth wards?—A. I should think there was about one thousand or twelve hundred used in those wards.

Q. To whom were those certificates given?—A. I decline to answer that question.

Q. Were they issued to republicans, or democrats, or fusionists?—A. They were issued to parties that I presume were in the fusion interest. I had no reason to doubt that they were.

Q. Were any issued to candidates on the fusion ticket, as far as you know?—A. Yes, sir.

Q. Did you ever make an affidavit in regard to the conduct of the election on that day?—A. I did.

Q. Where did you make such an affidavit?—A. I made it before Commissioner Woolfley.

Q. Is this printed copy now shown you a copy of the affidavit that you made? [Shown affidavit of Henry L. Downs, contained in printed pamphlet marked X, Y, Z, annexed to the testimony taken March 30, 1874.]—A. I see no mistake in it; it seems to be correct, according to my affidavit.

Q. Are you willing to reiterate the statements made in that affidavit?—A. I am, and I will.

Judge Dibble offered the affidavit referred to, and the following is a copy, Mr. Rice making the same objections that he had made to the introduction of the affidavit of B. P. Blanchard :

UNITED STATES OF AMERICA,
District of Louisiana :

Personally appeared this the 21st day of June, 1873, before me, the undersigned authority, Henry L. Downs, who, being duly sworn, deposes and says : That, during the registration preceding the election of November 4, 1872, he was a clerk in the office of State registrar of voters for the State of Louisiana ; that, during the two months of registration, certificates and duplicates of registration accumulated in said office ; they were collected by the assistant supervisors of registration of the different wards of the city of New Orleans from voters changing their residence from one ward to another, to whom a new certificate would be furnished, and the old one forwarded to the office of State registrar of voters, who was *ex-officio* supervisor of registration for the parish of Orleans, or city of New Orleans. These certificates and duplicates accumulated to the number of several thousand, and completely filled a large-sized ballot-box.

Deponent further states that he assisted in assorting them, according to wards and availability for use by repeating voters. Some were canceled, as being considered unsafe to use, or as having been marked in some manner by the United States supervisors ; others, (and the larger portion,) upward of two thousand, were retained intact, to be used on the 4th of November, 1872 ; and deponent further states that it is his belief that they were so used.

HENRY L. DOWNS.

Sworn to and subscribed before me on this 4th day of September, 1873, at New Orleans, La.

F. A. WOOLFLEY,
United States Commissioner.

J. E. CANNON sworn and examined on behalf of J. Hale Sypher.

By Judge DIBBLE :

Question. Where do you live?—Answer. Corner Locust and La Fayette streets.

Q. What ward is that in?—A. Third ward.

Q. Where were you on the last election day?—A. Living in the Ninth ward, sir.

Q. What position did you hold, if any?—A. First clerk, and then registrar.

Q. Of the Ninth ward?—A. Yes, sir.

Q. By whom were you appointed?—A. I presume it was by Governor Warmoth. I was appointed by Mr. Blanchard. I presume it was by order of Governor Warmoth.

Q. Were you there during the whole registration?—A. I came there a few days after the registration had been opened.

Q. Do you know whether any frauds were committed in connection with the registration in the Ninth ward?—A. There were.

Q. Of what nature?—A. Fraudulent papers, fraudulent voting, fraudulent papers that I know of.

Q. State the circumstances.—A. Well, I know of about eleven hundred fraudulent papers ; there were about between three and four hundred fraudulent papers on the old books that I had possession of, and I had possession of about one hundred on the new books, and I duplicated them, eight for each vote ; for each vote I made eight certificates out.

Q. From the old registration?—A. No, sir; from the new registration.

Q. You say there were a hundred names?—A. Yes, sir.

Q. And eight certificates for each, which made eight hundred?—A. Yes, sir.

Q. To whom were they given?—A. I decline to answer who they were given to.

Q. Do you know whether they were voted on election-day?—A. I have reason to believe that they were.

Q. In the interest of what political party?—A. The fusion party; they were, most undoubtedly, not given to the republican party.

Q. Do you know whether they were voted for or against Mr. Sypher?—A. They were put there to vote against him; they were instructed to vote against the State republican ticket.

Q. Do you know whether there were any erasures improperly made?—A. I made the erasures myself.

[Mr. Rice objected on the ground that the question was leading.]

Q. Do you know whether there were any names erased from the registration-lists?—

[Mr. Rice objected on the same ground.]

A. Yes, sir; I made the erasures myself.

Q. Were they properly or improperly made?—A. Well, I just scratched only the colored people and those that I knew to be republicans.

Q. Were you instructed to do so?—A. I had my instructions from Mr. Blanchard to scratch none but colored people, or if I knew any of the names in the interest of the republican ticket to scratch them off.

Q. How many did you scratch off?—A. Between a hundred and eighty-five and two hundred. I disremember the exact amount or number now.

Q. Were you present in the Mechanics' Institute during the counting of the votes of the Ninth ward?—A. Yes, sir; from the beginning to the end of it.

Q. Do you know whether the count was fair or unfair?—A. There were some parties got a square count, and others did not.

Q. Do you know whether Mr. Sypher got a square count or not?—A. No, sir; he did not.

Q. What do you know about the count for Congressmen?—A. Well, I know that I beat Mr. Sypher in the ward. I know that he got beat in the ward, and I helped to do it.

Q. Did you do that under instructions?—A. My instructions from Mr. Blanchard, in the institute, were to hold the State ticket up.

[Mr. Rice objected on the ground that the witness had already voluntarily and explicitly declared himself guilty of the enormities concerning which he had testified, and the question as to whether he had had any instructions or not could have no effect upon the decision of the case.]

Judge Dibble stated that he proposed to examine this witness as to the instructions issued by Mr. Blanchard, for the purpose of showing that there was a concerted scheme to defraud Mr. Sypher of his election in the Ninth ward of the city of New Orleans, and in other precincts of the first congressional district, and that that scheme of fraud was agreed to by the leaders of the political party whose candidate Mr. Lawrence was.

Judge Lynch said he saw no reason why the witness should not detail under what instructions he had acted.

WITNESS. My instructions were to hold the State ticket up at all hazards, let the circumstances be what they would.]

Q. What State ticket do you refer to?—A. The whole State fusion ticket; and if I was arrested, I would be released on bond and taken out.

Q. Can you approximate the number of votes which Mr. Sypher was cheated out of in that count?

[Mr. Rice objected on the ground that the question did not admit of a definite answer.]

Q. State in detail what was done in the Mechanics' Institute under those instructions.—A. Well, whenever I had opportunity to miscall his name, and call Lawrence's, I did it; and if I didn't have a chance to miscall his name I wouldn't do it, but I run a pencil across his name and called it a scratch.

Q. Do you know how many votes Mr. Sypher was deprived of in that way?—A. Well, I didn't take any account of that. There were, I think, a good many votes.

Cross-examined by Mr. RICE:

Q. What is your present business?—A. Pound-keeper of the first district.

Q. From whom is that appointment?—A. Mr. Brewster, administrator of police.

Q. Are you taking any part in politics?—A. At present I am not taking any part in politics at all; I am waiting for another election to come around again.

Q. Have you taken any part in politics since the election of November, 1872?—A. Well, I have voted at one meeting at the mother club for president.

Q. What mother club?—A. Third ward.

Q. Republican?—A. It is a republican club.

Q. You are acting, then, with the republicans now?—A. I shall in the future.

Q. You are now doing so, as far as you have acted since that time you have been speaking of?—A. In the last few months I have.

Q. Have you held any position in the republican party—any official position?—A. None at all.

Q. What were you at the time of the election; were you registrar?—A. I was first appointed clerk, and for a great part of the time I acted as registrar—both clerk and registrar.

Q. These acts that you have spoken of, you did as what?—A. In issuing papers; I did it when I was acting as registrar.

Q. Were you a sworn officer as registrar?—A. Not as registrar when these papers were issued; I was acting as registrar.

Q. Were you ever registrar at all?—A. I was registrar at the counting.

A. Were you not sworn at all to the performance of your duties?—A. I was not sworn at all.

Q. You were not sworn as clerk, either?—A. Not as clerk, either.

Q. Were you cognizant of the fact that these acts were fraudulent at the time you did them?—A. Of course I knew they were fraudulent.

Q. What you did, you did in full knowledge that you were doing fraudulent and illegal acts?—A. Certainly.

Q. You were as well aware of that then as you are now?—A. Of course I knew I was doing fraudulent business—of course.

Q. You state that you prepared, I believe, eight hundred fraudulent election-papers or registration-papers.—A. Yes, sir; I did.

Q. You declined to state to whom you gave them. I put the question now: to whom did you give them?—A. I decline to answer.

Mr. RICE. I insist upon an answer.

By Judge LYNCH:

Q. On what grounds do you decline to answer?—A. Because I do not wish to implicate myself with those parties that I gave the papers to.

Q. Are you afraid of a criminal prosecution, or are you afraid of bodily violence?—A. If it does not do it directly, it might do it indirectly; if you will produce the books of the registration here I could put my finger on every fraudulent vote that was counted.

[The witness declining to answer the question of Mr. Rice, and Judge Lynch stating that he had not the power to coerce him to do so, Mr. Rice declined any further cross-examination.]

THOMAS J. M. CAREY sworn and examined on behalf of J. Hale Sypher.

By Judge DIBBLE:

Question. Where do you live?—Answer. In the Ninth ward, corner Moreau and Louisa streets.

Q. Where did you live on the day of the election in 1872?—A. At the same place.

Q. Did you make an affidavit in regard to the conduct of the election in the Ninth ward?—A. It was after that, sir.

Q. You made an affidavit in regard to it?—A. Yes, sir.

Q. Examine this document and state whether that is the affidavit you made, and before whom it was made. [Shown paper.]—A. Yes, sir; that is my affidavit, made before Commissioner Grant, and written by myself.

Judge Dibble filed the document referred to, and it is hereto annexed and marked "105," and the following is a copy:

[Mr. Rice objected on the same grounds that he had made to the introduction of similar documents in connection with the testimony of previous witnesses.]

NEW ORLEANS, September 6, 1873.

Personally appeared before me, William Grant, United States commissioner, and for the district of Louisiana, duly commissioned and qualified, Thomas J. M. Carey, esq., who, after being duly sworn according to law, deposes and says as follows:

I was appointed chairman of the committee on naturalization in the Ninth ward of the city of New Orleans by the democratic and fusion parties, and performed the duties assigned me during the last registration and election.

Our instructions were to naturalize all applicants, whether entitled to naturalization by law or not; the fourth and eighth district courts were reported as being favorable to issuing certificates to republicans; the first, second, and sixth district courts were favorable to democrats and fusionists. When we would find applicants to occupy the first, second, and sixth district courts, we would then go to the eighth district and represent ourselves as republicans; not an applicant was refused in the first, second, or

sixth district courts. The democratic or fusion party furnished the blanks for the first, second, and sixth district courts, and the republicans were reported as having furnished the blanks for the eighth district court. In the first, second, and sixth district courts, if a party was not vouched for by the naturalization committee the judge would subject them to a rigid examination, and if they succeeded in getting the order of court the clerk would not issue the certificates of naturalization without being paid for it. When parties were vouched for by the committee of which I was chairman, few questions were asked by the judges and no charge was made by the clerk. When we had few applicants we would take the same parties under different assumed names and get certificates of naturalization for them. When we had doubts of the parties, we would retain the certificates and have them registered. In other cases the parties would be allowed to retain them. Our committee aided all applicants who were favorable to the democratic or fusion ticket, whether they resided in the Ninth ward or not. Our instructions also required us to explain to all applicants what questions would be asked them by the judges. Our committee were employed in this service about one month and a half previous to the closing of registration, and, to the best of my knowledge and belief, caused at least two thousand fraudulent naturalization-certificates to be issued to be voted on the day of election for the democratic or fusion ticket.

I was appointed commissioner of election for the poll corner of Morales and Louisa streets by B. P. Blanchard, esq., registrar of voters, on the recommendation of the democratic parish committee and the Ninth ward auxiliary club. On the day previous to last election the commissioners of election were ordered to assemble at the Mechanics' Institute, to receive instructions for the day of election. We were instructed to place every impediment in the way of voters who were not fusionists, by making them sign their names, demanding the number of their residences, and other questions to annoy them; and, lastly, refer them to the office of the ward-supervisor before receiving their ballots, so as to harass and annoy them into abandoning the attempt to vote.

On the day of election the orders of the registrar of voters were faithfully carried out; in fact the commissioners went further. When parties held the fusion ticket in their hands, they were taken without question. When tickets were folded and the applicant not known to be favorable, they would be subjected to an inspection under the plea that the commissioners must be certain that the voter is aware what ticket he is voting. If the folded ticket proved to be republican, we would act as indicated by instructions. If democratic, it would be deposited in the ballot-box. We kept a correct account of every ballot deposited in the box. In cases where we were compelled to receive the vote of a republican, whether white or colored, we would write in large characters on his certificate, so as to attract attention if attempt was made to vote a second time; but when a fusionist presented his certificate, the indorsement required by law to be made on certificates would be written in small characters on the corner, so as to facilitate him in repeating. When a fusionist presented himself a second time on a certificate that had already been voted on, one of the three fusion commissioners who were placed at each poll would hold the certificate in his hand so as to conceal the former indorsement, and call out to the United States inspectors, two of whom were placed at each polling-place, saying, "This is all right." If, as in some cases, they would take the certificate in hand and discover the former indorsement, the ballot would be refused. This, however, was rarely the case. There were about 600 fraudulent votes polled in the Seventh ward, about 600 in the Eighth ward, and about 1,200 in the Ninth ward, making in all about 2,400 fraudulent votes illegally polled on the day of election for the democratic fusion ticket.

THOMAS J. M. CAREY,
Corner Moreau and Louisa.

Sworn and subscribed to before me September 6, 1873.

[SEAL.]

WM. GRANT,
United States Commissioner, District of Louisiana.

Cross-examined by Mr. RICE:

Q. Are you in any official position now?—A. No.

The operations of some of these witnesses embraced the whole State; others, only the city of New Orleans and the first district. We might quote more extensively, but we forbear. If any further testimony is wanted of the utter and disgusting rottenness which pervaded the management of this so-called election, it may be found in the volume of printed evidence submitted to your committee. Language fails us to characterize this management as it deserves, if only a tithe of what is averred by the witnesses be true. It discloses the most wanton and shameless disregard of the sanctities of the ballot-box, and of the vital principles of republican institutions which rest upon such sanctities, to which our attention has ever been called. No man who respects his Govern-

ment can read this testimony with indifference. It touches the essential foundations on which republican government rests, and to suppose the same practices here detailed spread throughout the other congressional districts of the Union is to suppose the absolute doom of our institutions.

Of course it is claimed that these witnesses have testified falsely. This was roundly asserted on the argument. It may be so. But if these witnesses were fit to intrust with the responsible duties assigned them by the fusion or democratic party, they ought to be fit to testify as to the manner in which they executed their trusts. It does not lie in the mouths of those who employed such agents, and who seek the advantage of their acts, to discredit their evidence.

But in the absence of any positive knowledge on the subject, the committee cannot disregard the testimony of witnesses whose statements are not on their face untrue, and who stand unimpeached. If these witnesses have such reputations for truth and veracity where they reside, why have they not been impeached? Why leave the duty of impeaching them to the attorney who argued the case? It was due the committee, as it was due the House, that these witnesses should have been duly impeached if they could be.

Taking this evidence to be substantially true, we submit that it shows this so-called election to have been merely a wicked conspiracy to prevent an election; for there is no just sense in which that which is alleged to have transpired in this district in 1872 can be called an election.

The undersigned cannot consent to enter upon the task of framing devices and spelling out methods for affirming the right of a party to a seat in the House of Representatives from the materials here supplied. We cannot do it without making ourselves parties to these frauds, and encouraging their repetition.

Nor must it be inferred that we are prepared to affirm the right of the contestee, upon the merits, to the seat he occupies. We append the following table of figures to show what he claims to have been the result of this so-called election:

RETURNS OF LYNCH BOARD, (PAGE 146 OF THE TESTIMONY.)

FIRST DISTRICT.

Parishes.	J. H. Sypher.	E. Lawrence.
Livingston.....	235	455
Orleans.....	7, 516	9, 643
Plaquemines.....	2, 354	414
Saint Tammany.....	121	103
Saint Bernard.....	460	270
Saint Helena.....	687	289
Tangipahoa.....	769	618
Washington.....	157	433
Total.....	12, 299	12, 225
	(629)	(410)
Complete returns from the parish of Saint Tammany, (page 149 of the testimony).....	508	307
Total vote.....	12, 807	12, 532
Deduct 1,700 votes from Sypher; that number of affidavits, it is alleged, were counted for him, (see page 14 of the testimony).....	1, 700	
Total vote for Sypher.....	11, 107	
Deduct 3,077 fraudulent votes counted for Lawrence, (see testimony, pages 192, 193, 194, 243, 244, 246, 247, 232, 233, 234, 235, 236, 237).....		3, 077
Total vote for Lawrence.....		9, 455
Sypher's majority.....	1, 652	

RETURNS OF FORMAN BOARD, (PAGE 48 OF TESTIMONY.)

FIRST CONGRESSIONAL DISTRICT.

Parishes.	J. B. Hickman.	J. H. Sypher.	Effingham Lawrence.
Livingston Parish.....		199	478
Orleans, Fourth ward.....		1,032	1,150
Fifth ward.....		1,425	1,770
Sixth ward.....		852	1,405
Seventh ward.....		1,758	1,464
Eighth ward.....		700	1,355
Ninth ward.....		734	1,860
Fifteenth ward.....		43	747
Plaquemines Parish.....	22	1,040	414
Saint Helena Parish.....		411	563
Saint Bernard Parish.....			
Saint Tammany Parish.....			
Tangipahoa Parish.....		658	723
Washington Parish.....		201	426
	22	9,056	12,355
Complete vote of Fifteenth ward, (testimony, page 62).....		943	
Complete vote of Saint Tammany Parish, (testimony, page 149).....		629	410
Complete vote of Saint Bernard Parish.....		460	270
Total vote.....		11,088	13,035
Deduct 3,077 fraudulent votes for Lawrence, (as shown by testimony, pages 192, 193, 194, 243, 244, 246, 247, 232, 233, 235, 236, 237).....			3,077
Total vote corrected.....		11,088	9,958
Sypher's majority.....		1,130	

The testimony shows gross irregularities on the part of the partisans of the contestee, which we are as far from indorsing as those on the other side. They do not seem to have been so general and systematic, and it may be claimed for them, perhaps, that they were resorted to for the purpose of counteracting the schemes and machinations of the contestant's friends, in whose hands all the machinery of the election was placed.

We are not disposed, in the light of all the evidence, to weigh one claim against the other. We think both are so tainted, so mixed with fraud, and so involved in uncertainty, that it is safer and better to refuse to affirm either.

The precedents heretofore established authorize this decision, and we think the case amply justifies us in adopting it.

We therefore recommend the adoption of the following resolution :

Resolved, That neither Effingham Lawrence nor J. Hale Sypher has shown himself entitled to a seat in the 43d Congress.

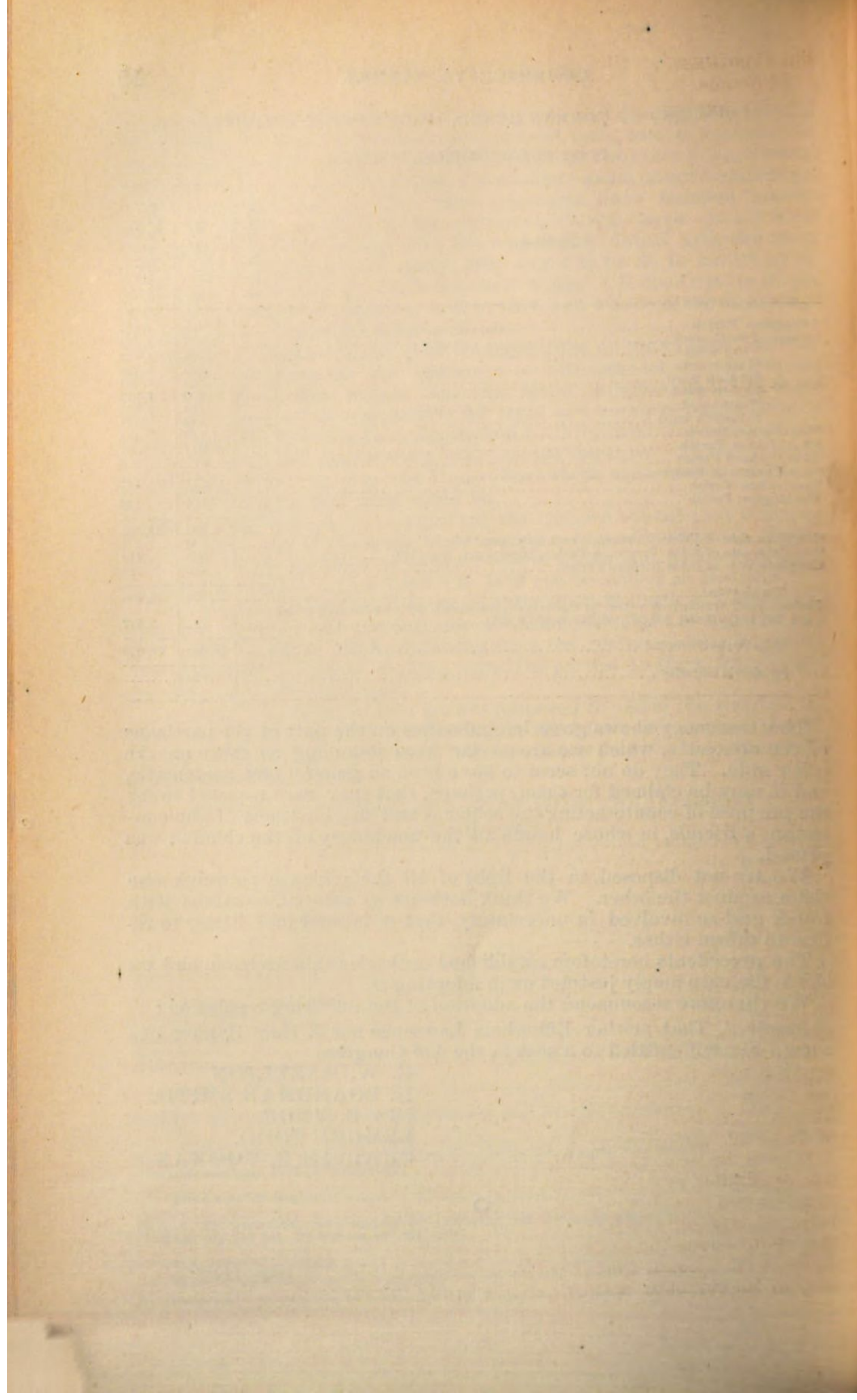
G. W. HAZELTON.

H. BOARDMAN SMITH.

IRA B. HYDE.

LEMUEL TODD.

CHARLES R. THOMAS



DEFICIENCY APPROPRIATION BILL.

MARCH 1, 1875.—Committed to the Committee of the Whole House on the state of the Union, and ordered to be printed.

Mr. GARFIELD, from the Committee on Appropriations, submitted the following

REPORT:

[To accompany bill H. R. 4851.]

In submitting the bill making appropriations for the deficiencies in the appropriations for the expenses of the Government, being the regular yearly bill, the Committee on Appropriations, for the fuller information of the House, have thought fit to print that portion of the documents upon which the bill is based which have not already been printed; those documents which have been printed are referred to briefly by number, title, and amount only in this report. The principal of these are Executive Documents numbered 69 being the regular "deficiency estimates." The bill aggregates \$2,496,586.98, (being \$741,225.04 less than the deficiency appropriations recommended the last year,) and is made up as follows: For the State Department, \$22,787.30; for the Treasury Department, \$969,651.54, of which the sum of \$159,843.87 is for the mints, (principally for the mint at San Francisco;) and \$568,240 for Public Buildings; for the War Department, \$257,170.40; for the Interior Department, \$126,959.22, most all of which is for Indian deficiencies; for the Post-Office Department, \$862,000; for the Senate, the House of Representatives, and miscellaneous, \$42,994.33; for the District of Columbia, \$123,968.56; for Navy pensions, \$75,000.

The estimates upon which this sum is recommended amount to \$3,421,518.97. It is believed that this bill provides, as far as is really necessary, for the total existing deficiencies in the appropriations for the service of the Government, as the committee have delayed reporting it for some weeks, to the end that a full and final recommendation might be made at once, and the several Departments have been made fully aware of that fact.

This bill has a new feature growing out of the recent acts to govern expenditures, in the revival of appropriations covered into the Treasury, (see section 6, which continues and renders available \$1,761,327.93.) This was rendered necessary by the provisions of the 5th section of act of June 20, 1874.

It will be seen that under the recent acts now generally in effective operation, prohibiting the use of unexpended balances of appropriations unless specifically rendered available, and requiring that expenditures should only be made pursuant to appropriations made therefor, the requisitions for deficiency appropriations are decreasing, and will decrease in amount from year to year. This, aided by the rigid scrutiny of all estimates and exhaustive study to reduce them, has caused

a more careful method of making the same on the part of the Departments, resulting in a much more exact and economical use of the appropriations when made. This course, if adhered to, will eventually obviate the necessity of "deficiency" appropriations except in cases of emergency.

The large deficiencies in the Indian Bureau are significant as showing that those branches of the public service are not yet under the operation of those acts. The following documents are placed in relative sequence to the paragraphs on the bill which they explain.

[See Executive Document No. 69, letter from Secretary of the Treasury, transmitting estimates of deficiencies required to complete the service of the fiscal year 1875;

Ex. Doc. No. 113, balances required to be re-appropriated, and various other executive documents.]

HOUSE OF REPRESENTATIVES UNITED STATES,
Washington, D. C., February 27, 1875.

SIR: I am instructed by the Committee on War-Claims to hand you the accompanying resolution, which I do with the following explanation:

The report of the commissioners of claims, dated December 6, 1873, embraced 2,465 cases, of which number 1,092 were allowed in whole or in part, the amount allowed being \$643,713.04; rejected, \$4,074,174.25.

The examination of these cases required the services of an additional clerk, who received pay, in the sundry civil bill of last session, of \$500 for the same.

The last report of the commissioners embraced 2,407 cases, of which number 1,163 were allowed in whole or in part, the amount allowed being \$740,339.41, and the amount disallowed, \$4,471,995.09.

The examination of the papers in this report, and the preparation of the bill to pay awards in same, has required additional clerical assistance as before, the amount being greater by \$100,000 than in former report.

In addition, has been the examination of papers in 280 cases, reported to Congress under section 2 of the act of June 16, 1874, by the Secretary of the Treasury, which has required considerable labor.

Very respectfully, your obedient servant,

HENRY H. SMITH, *Clerk.*

HON. JAMES A. GARFIELD,
Chairman of Committee on Appropriations.

Resolved, That this committee recommend to the Committee on Appropriations the following item to be included in the deficiency bill:

"To enable the Clerk of the House to pay for extra clerical services in the Committee on War-Claims, rendered necessary by the reports of the commissioners of claims, five hundred dollars."

HOUSE OF REPRESENTATIVES,
Washington, D. C., December 1, 1874.

GENTLEMEN: By the provisions of section 18, act of Congress approved July 28, 1866, the pay of all officers and employes of the Senate and House was increased twenty per cent. on their then pay. (See Statutes at Large, page 323, section 18.)

The pay of assistant postmaster of the House at that time was \$1,740, (see same vol., page 192,) twenty per cent. added to which makes \$2,088. By the act of March 3, 1873, the pay was again increased fifteen per cent., making the pay \$2,401.20; and by the act of January 20, 1874, repealing said last-mentioned act, (the act of March 3, 1873,) it was expressly provided that the "salaries, compensation, and allowances of all said persons shall be as fixed by the laws in force at the time of the passage of said act," (the act of March 3, 1873.)

The "law in force" at that time was the act of July 28, 1866, by which the pay was fixed at \$2,088, (Statutes at Large, section 18, page 323,) which amount has been appropriated every year since that time until the last, except the year when the 15 per cent. was added, making the pay for that year \$2,401.20.

The salary of every other officer of the House is regulated by said section 18, act of July 28, 1866, and appropriations made accordingly, and I simply ask that such sum be appropriated in this case as shall meet what is conceived to be the requirements of existing law.

It seems as clear to me that the law fixes the pay of assistant postmaster of the House at \$2,088 as it does that of a member of Congress (section 17, act of July 28, 1866) at \$5,000 per annum.

Very respectfully, your obedient servant,

J. F. WILSON.

HON. COMMITTEE ON APPROPRIATIONS,
House of Representatives.

CLERK'S OFFICE, HOUSE OF REPRESENTATIVES UNITED STATES,
Washington, D. C., February 22, 1875.

SIR: In the sundry civil act approved June 23, 1874, the telegraph operators at the Capitol were directed to be paid five hundred dollars each during the last recess of Congress, a period of about five months. In the legislative appropriation act of this

year their pay is fixed at one thousand dollars for the next fiscal year. No provision has been made for their pay from December 7, 1874, to June 30, 1875. I respectfully suggest that a paragraph be inserted in the deficiency bill, appropriating for that period.

Very respectfully, your obedient servant,

EDW. MCPHERSON,

Clerk House of Representatives United States.

Hon. JAMES A. GARFIELD,

Chairman Committee on Appropriations, Washington, D. C.

CLERK'S OFFICE, HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., February 27, 1875.

SIR: There will be required to be appropriated to supply deficiencies in the appropriations for the contingent expenses of the House of Representatives, for the present fiscal year, the following sums, viz:

For clerks to committees	\$5,300 00
For cartage	737 00
For folding documents	6,200 00
For two official reporters of committees—one from July 1, 1874, and from December 10, 1874.	1,247 83

The last-named deficiency arises from an increase of pay voted the committee reporters in the deficiency act approved June 22, 1874; and the other three from the extent of the claims made upon the various funds. With these deficiencies supplied, this service will be conducted this year at a saving of \$44,140.34 over the previous fiscal year.

From the indications afforded, I am of opinion that an addition of ten thousand dollars to the miscellaneous item of the contingent fund will be required to carry us to the close of the present fiscal year. Nothing is paid from this fund except on the approval of the Committee on Accounts, and whatever balance may remain unexpended at the close of the fiscal year will revert to the Treasury.

I am, very respectfully, your obedient servant,

EDW. MCPHERSON,

Clerk House of Representatives, United States.

Hon. JAMES A. GARFIELD,

Chairman Committee on Appropriations, Washington, D. C.

WASHINGTON, D. C., February 15, 1875.

DEAR SIR: At the close of the last session of Congress the Committee on Accounts approved the following vouchers, which I had paid the telegraph companies:

Western Union Telegraph Company, on account of committee investigating the Department of Justice	\$51 03
Committee on Military Affairs	77 42
Committee on Indian Affairs	64 46
Committee on Banking and Currency, investigating Ocean Bank, New York...	17 37
Committee on the Judiciary, investigating the conduct of Judges Durell, Busteed, and Story	126 63
Committee on Ways and Means, on account of Sanborn contracts	18 20
Messages of the office of the Sergeant-at-Arms, House of Representatives	83 10
Messages of the office of the Sergeant-at-Arms, House of Representatives	24 53
Postage-stamps of the office of the Sergeant-at-Arms, House of Representatives, from April 14, 1873, to April 5, 1874	159 15
Bill of Aaron Bradshaw, messenger, for subpoenaing witnesses in the case of Judge Story	18 79
Bill of J. Pearson, for lemons, &c	241 00

884 68

The bill of the postmaster at Washington, for postage-stamps for use in the office of the Sergeant-at-Arms, is approved by the chairman; also, the bill of J. Pearson, for lemons, for which latter bill there was once an appropriation made, but which lapsed because I could not find Mr. Pearson to get his receipt upon an official blank, although I had it on an ordinary bill. When I left Washington, two days after the adjournment of the last session, there were no funds available in your office to pay these bills, and I have been informed, since my return, that the appropriation expired on the 30th of June last out of which they should have been paid. I would, therefore, be much obliged to you if you will ask the Committee on Appropriations to make an appropriation to pay these bills at the close of the present session.

As this session may close my official connection with Congress, I desire to secure appropriations to cover the above and one or two other bills which I will furnish you, which are barred, on account of their date, from present appropriations.

Very respectfully, yours, &c.,

N. G. ORDWAY,
Sergeant-at-Arms, House of Representatives.

HON. EDWARD MCPHERSON,
Clerk House of Representatives.

P. S.—I would call the attention of the committee, through you, to the fact that during the coming nine months it will require three stamps per month for each of the Members and Delegates in order to transmit to them their drafts and return the receipts to the office of the Sergeant-at-Arms, which will require an additional allowance of postage-stamps for this and other official correspondence of at least two hundred and seventy-five dollars, to which should also be added fifty dollars for telegraphic communications with the members.

I also suggest that there are approved bills for attorney's fees in the suits of J. B. Stewart against J. G. Blaine.

Also, the *habeas corpus* case of R. B. Irwin, which case was fully argued by Judges Shellabarger and Fisher, for the payment of which about four thousand dollars will be required.

Respectfully, yours, &c.,

N. G. ORDWAY,
Sergeant-at-Arms, House of Representatives.

FEBRUARY 15, 1875.

HOUSE OF REPRESENTATIVES,
Washington, D. C., February 23, 1875.

DEAR SIR: The following bills, for legal services rendered in the cases of J. B. Stewart vs. James G. Blaine, J. B. Stewart vs. N. G. Ordway, and *habeas corpus* case of R. B. Irwin, have been approved by the proper committee, and an appropriation will be required for their payment, viz:

William E. Chandler and A. J. Bently.....	\$1,500 00
Samuel Shellabarger.....	1,000 00
George P. Fisher.....	1,000 00
J. O. Clephane, (court stenographer).....	271 50

Total..... 3,771 50

Very truly, yours,

N. G. ORDWAY,
Sergeant-at-Arms, House of Representatives.

HON. EDWARD MCPHERSON,
Clerk House of Representatives.

HOUSE OF REPRESENTATIVES,
Washington, D. C., January 10, 1875.

SIR: Permit me to call the attention, through you, of your committee to the fact that an appropriation is required to pay the salaries of the reporters of debates of the House of Representatives, from March 3, 1875, when the present appropriation expires, to July 1, 1875, when the appropriation for the next fiscal year will take effect. The amount required, to be included in the deficiency appropriation bill, is according to accompanying calculation.

Yours, respectfully,

WM. BLAIR LORD,
Reporter of Debates of House of Representatives.

HON. JAMES A. GARFIELD.

CALCULATION.

Time from March 3, 1875, to July 1, 1875, four months, one-third of a year, lacking three days:

Salary for one year	\$5,000 00
Salary for one-third of a year	1,666 66
Salary for one month, \$416.66; salary for three days or one-tenth of a month.	41 66
	1,625 00
Total for five reporters, from March 3, 1875, to July 1, 1875	8,125 00

FEBRUARY 12, 1875.

SIR: I ask leave to call your attention to the necessity of making provision for the payment of stenographers employed in taking testimony before the various committees in the Southern States. While the Committee on Ways and Means was requiring the daily personal services of the two official stenographers to committees, it became necessary to send two stenographers with the Select Committee on Alabama Affairs, one to Mississippi and one to New Orleans. So that for a considerable length of time there were six reporters engaged, and sometimes for ten and twelve hours a day. The reporting of testimony before the Alabama committee alone will cost probably \$3,500, and the other committee in the same proportion.

I deem it my duty to call your attention to the matter, so that provision may be made to pay these expenses.

Permit me to add, in conclusion, that during the session (while my colleague has been absent for about a month, in attendance on the Select Committee in New Orleans) I have attended to the work before the Committee on Ways and Means, the Committee on Post-Offices, and the Committee on Naval Affairs, (in the Stowell investigation,) so that my time has been fully occupied with these duties.

I am, sir, your obedient servant,

HENRY G. HAYES,
Official Stenographer to Committees.

HON. JAMES A. GARFIELD,
Chairman Committee on Appropriations.

The undersigned, official stenographers to committees, respectfully submit the following points for the consideration of the Committee on Appropriations:

We are regular officers of the House, with an annual compensation fixed for our personal services, (being the same as that paid to the reporters of debates,) out of which we, as they, have to pay largely for amanuenses and copyists; but we are in no sense contractors for all the stenographic work of committees.

During the present session the work of committees has been unusually, unprecedentedly, heavy. At a very early stage of it the Committee on Ways and Means entered on the investigation of the Pacific Mail subsidy, and continued it all through the Christmas holidays, till near the close of the session, sitting generally two hours a day, and in New York from six to eight hours. While the committee was in New York, attended by the undersigned, the three special committees to Louisiana, Alabama, and Mississippi started for those States, taking with them four stenographers. These committees took testimony, each for about a fortnight, sitting from eight to twelve hours a day—work which would have really required several reporters for each. Subsequently, the full committee on Louisiana affairs went to New Orleans, accompanied by one of the undersigned, and the work there was so continuous and heavy that it became necessary to secure the services, at various times, of two other reporters.

It is for the payment of these several stenographers that the Committee on Appropriations has been respectfully asked to make provision.

It is, perhaps, unnecessary for us to say that we have not the slightest pecuniary interest in the matter. The House required the work to be done, and we simply made provision to have it done.

Let us say, in conclusion, that when the committees sitting in the Capitol have required, as they have from time to time, the services of additional reporters, we have provided for them at our own expense. We also performed a large amount of service

during the recess of Congress, in taking testimony in Arkansas. We are prepared to go before your committee and make any further explanation that may be required.

Respectfully submitted.

HENRY G. HAYES,
AND W. DEVINE,
Official Stenographers to Committees.

SIR: The Select Committee on Affairs in the Southern States, while sitting in New Orleans, found it necessary, on account of the large mass of testimony and the limited time, to obtain the services of stenographers in addition to the official stenographer who accompanied the committee. The subcommittee which had previously taken testimony there had also to employ a stenographer, both the official stenographers being at that time engaged with other committees. The expense thus incurred will probably amount to \$2,800, for which I respectfully request your committee to report an appropriation.

GEO. F. HOAR,
Chairman.

HON. JAMES A. GARFIELD,
Chairman Committee on Appropriations.

SIR: The Select Committee on Alabama Affairs, taking testimony in that State, by the committee itself and by a subcommittee, employed the services of two stenographers, E. Z. Brailey and A. Johns, the official stenographers of the House being at the time engaged in reporting testimony before other committees. The testimony taken by this committee forms a volume of nearly 1,300 closely printed pages; and the cost of reporting will be about \$3,500. As this committee has no fund out of which to pay this sum, I respectfully request that an appropriation may be made for the purpose.

Yours truly,

JOHN COBURN,

HON. JAMES A. GARFIELD,
Chairman Committee on Appropriations.

HOUSE OF REPRESENTATIVES,
Washington, February 26, 1875.

SIR: The committee appointed by the House of Representatives to investigate the recent troubles in Mississippi was accompanied to that State by Mr. E. C. Bartlett, stenographer, who reported all the testimony, which makes between 500 and 600 pages (printed.) The committee has not the funds out of which to pay his bill for reporting, which will be about \$1,700; and I therefore request that an appropriation may be made for the purpose.

Very respectfully,

O. D. CONGER,
Chairman Select Committee on Mississippi Affairs.

The allowance, of course, should be at the usual rates allowed in such cases.

O. D. CONGER.

HON. JAMES A. GARFIELD,
Chairman Committee on Appropriations.

DEPARTMENT OF STATE,
Washington, February 20, 1875.

SIR: I have the honor to invite your attention to the question of legislation to provide suitable accommodations for the legation of the United States in Peking, upon which question Mr. Avery, the minister of the United States, has addressed the Department.

The general facts in regard to the premises now occupied in Peking are as follows: Mr. Williams, who has been for many years secretary of legation at Peking, prior to 1867, while acting as chargé d'affaires, applied a portion of the surplus of the indemnity fund in his hands, amounting to \$14,586.21, to the purchase of land and the erection of buildings for the legation. This being reported to the Department, was not approved by Mr. Seward, in the absence of authority by Congress therefor. Mr. Seward, at the same time, in his communication to Mr. Burlingame of September 13, 1867, while disapproving of this application of a portion of the fund, found no reason to call the motives of Mr. Williams in the matter in question. Mr. Williams, with great fairness, in a communication to Mr. Burlingame, of March 12, 1867, expressed himself as "quite willing to take the property and lease it to the United States minister," or to dispose of it in case his action was disapproved; and it is understood that he subsequently took the prop-

erty as his own, and has since made outlays upon it. These buildings are commodious enough for the proper uses of the legation, but require considerable repairs. For many years this property has generally been occupied by the legation of the United States, the minister, whenever one was present at Peking, generally leasing the property from Mr. Williams, and Mr. Williams residing at the same place.

I refer you to the Executive Documents of the House of Representatives, 1868-'69, pages 3, 15, and 17, for the correspondence on this question.

On various occasions recommendations have been made for the purpose of placing the legation at Peking on some permanent footing, but Congress has failed to act definitely in the matter.

The condition of things at Peking is peculiar. It is understood that there are no houses to be rented there, and no hotels, in our acceptation of the term, which can be used as a permanent residence for the minister and his family. The French, English, and Russian governments have each laid out large sums in erecting buildings for the use of their legations, and from time to time the representatives of other governments have been compelled to depart from Peking and live in some of the treaty ports, from the difficulty in procuring houses. A minister of the United States or of a foreign country coming to Peking must take refuge either with some of his colleagues, or with Mr. Williams upon this property, or in some of the missionary establishments. Mr. Avery has reported to the Department that this condition of things still exists, and he is now residing upon the property of Mr. Williams at a considerable rent.

The journey from Peking to Shanghai can only be made at certain portions of the year and at large expenditure, and it is not practicable without some foresight and permanent provision [to provide quarters suitable and respectable for the legation of the United States.

Doctor Williams has, up to this time, preferred to hold this property, although as reported by him at a loss to himself, with the chance of leasing it to the American minister from time to time. Mr. Avery reports, however, that under a leave of absence lately obtained, Mr. Williams is about to return to this country, and is desirous of disposing of the property or leasing it upon some permanent terms, and that several of the foreign legations would be quite willing to buy or lease it. Should this be done it is doubtful whether the American minister can find any other place of residence in Peking.

The trade between this country and China is large and valuable. There are some ten important consulates corresponding with the legation, and appeals lie from the consular courts in China to the minister at Peking.

Congress, by the act of March 3, 1873, (Statutes at Large, volume 17, page 582,) authorized the Secretary of State, through the minister in Japan, to rent, furnish, and keep suitable buildings with grounds for Government use at Yeddo, at an annual cost not exceeding \$5,000. It was further provided that the buildings should be rented for two years, with renewals at pleasure, as the Secretary of State should determine. Under the provisions of this act a proper and respectable establishment, with jail and court-rooms, has been provided for the legation. Section 3 of the same act appropriated \$2,500 for the purchase of a suitable law-library for that legation.

The necessities of some establishment, and some appropriation therefor, are quite as great, if not greater, at Peking than at Yeddo. There are no appropriations in the control of this Department from which any suitable provision can be made for these purposes.

Under all these facts, I recommend some legislation which may secure for the legation of the United States a permanent establishment in Peking, or which may at least put it in the control of this Department to place that legation upon at least as favorable a footing as the legation in Japan.

I have the honor to be, sir, your obedient servant,

HAMILTON FISH.

The Hon. JAMES A. GARFIELD,
House of Representatives.

[Departmental telegraph-lines, exclusively for Government business.]

HOUSE OF REPRESENTATIVES, U. S.,
Washington, D. C., February 27, 1875.

From Department of State to Robert J. Stevens:

I have already written Governor Swann on the question, and suggest as indicated to him, as follows: That the Secretary of State be, and hereby is, authorized to rent, furnish, and keep suitable buildings, with grounds and appurtenant at Peking, for the use of the legation in China, at an annual rent not exceeding five thousand dollars; that the period of the lease therefor shall be for two or more years, and with renewals as the Secretary of State shall determine, and that the sum of five thousand dollars is hereby appropriated, out of any money in the Treasury not otherwise appropriated

therefor. Should the committee deem it advisable to make a permanent provision and apply a portion of the income of the Chinese indemnity-fund, and this could be accomplished by a clause in the deficiency bill, it might provide as follows: "That the Secretary of State be, and hereby is, authorized to appropriate and set apart a sufficient amount of the principal of the Chinese indemnity-fund to produce an annual income of five thousand dollars, and that such income, or such part thereof as may be necessary, be applied annually, under the direction of the Secretary of State, to rent, furnish, and keep suitable buildings and grounds appurtenant at Peking, for the use of the legation, and that the period for which the same may be leased be for two or more years with renewal, as the Secretary of State may determine."

HAMILTON FISH.
300.

[Telegram.]

DEPARTMENT OF STATE,
Washington, D. C., February 27, 1875.

HON. THOS. SWANN:

In Department letter of yesterday the reference to Ex. Doc. No. 72 was a clerical error; it should be to Ex. Doc. No. 29, 3d sess. 40th Congress. I will thank you to make the correction.

JOHN L. CADWALADER.

DEPARTMENT OF STATE,
Washington, January 16, 1875.

SIR: I have the honor to invite your attention to the inclosed copy of a letter of this date, from the Fifth Auditor of the Treasury, in which he states that certain accounts, therein set forth, cannot be met, as the appropriations out of which they might have been paid have been covered into the Treasury; also the account of C. H. Royce, late consul at Prague, which cannot be paid because the appropriation for contingent expenses of consuls, 1873, was exhausted before its settlement. I have, therefore, to request that provision be made for the accounts in the deficiency bill now before the House.

I have the honor to be, sir, your obedient servant,

HAMILTON FISH.

HON. JAMES A. GARFIELD,
Chairman of Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT, FIFTH AUDITOR'S OFFICE,
Washington, January 16, 1875.

SIR: I have the honor to advise that the following sums are necessary for the payment of adjusted accounts, where the amounts found due were not drawn for before the balances of the several appropriations were covered into the Treasury, viz:

Oscar Malmros, Pictou, N. S., salary 1872	\$810 85
Oscar Malmros, Pictou, N. S., relief 1872	977 60
Oscar Malmros, Pictou, N. S., contingent 1872	162 00
C. Dunn, Hakodadi, salary 1872	267 99
And the following, because the appropriation was exhausted before the settlement of the account:	
C. H. Royce, Prague, contingent, 1873	68 86
	2,287 30

I am, sir, your obedient servant,

J. H. ELA, Auditor.

HON. HAMILTON FISH,
Secretary of State.

DEPARTMENT OF STATE,
Washington, February 26, 1875.

SIR: Referring to our conversation in reference to some provision to place the legation in China upon a permanent footing, I find that it is not possible to state, with accuracy, the price for which the grounds and buildings owned by Dr. Williams could be purchased, or the amount which would now be required to put the property in good condition.

The grounds were purchased and buildings erected by Mr. Williams, the secretary of legation, in 1866, who reported that some \$14,500 were first expended, and that \$10,000 would be required to complete the buildings. On this question I refer you to Ex. Doc. No. 72, F. R., 1868-'69, pages 14, 15.

As to the exact condition of the buildings, and what work has since been done, I am not advised.

On the whole, I am inclined to the opinion that, without further information on the question, it would be better to make provision for China similar to that made for Japan by act of March 3, 1873, (Statutes at Large, vol. 17, page 582.)

I recommend that the Secretary of State be authorized to rent, furnish, and keep suitable buildings and grounds appurtenant, at Peking, for the use of the legation in, China, at an annual cost not exceeding \$5,000; and that such lease be for a term of two years or more, with renewals, as may be deemed advisable by the Secretary of State; and that it be provided that \$5,000 be appropriated therefor.

Should Congress deem it advisable to provide a permanent fund, I would recommend that the Secretary of State be authorized to appropriate and set apart a sufficient amount of the Chinese indemnity fund to produce an income of \$5,000, and to devote such income to that purpose.

I have the honor to be, sir, your obedient servant,

HAMILTON FISH.

Hon. THOMAS SWANN,
House of Representatives.

DEPARTMENT OF STATE,
Washington, January 27, 1875.

SIR: By the first section of the act of the 20th of June last (Laws of 1st session 43d Congress, chap. 333,) the contract between the United States and Little, Brown & Co., of Boston, entered into on the 28th day of May, 1866, and all other contracts then existing between the United States or any officer thereof and said company, respecting the printing or publication of the laws of the United States were declared to be determined pursuant to the powers therein reserved.

Previous to the passage of the act referred to, the firm of Little, Brown & Co. had, in pursuance of the existing contract, made considerable progress with the printing of the acts of the then current session, this course being necessary to enable them to comply with a provision of the contract which required the pamphlet edition of the laws of each session to be ready for distribution within seventy days after the close of the session. For the expense thus incurred up to the date of the passage of the act determining the contract, they have now rendered their bill, amounting to \$1,690.01. The account is accompanied with proper vouchers showing that it covers only the actual outlay, with five per cent. added in accordance with the terms of the contract.

A sufficient balance remains of the appropriation for publishing the laws of the last session, in pamphlet form and in newspapers, (chap. 328, laws 1st session, 43d Congress,) to pay this claim, but as by the contract with Little, Brown & Co., they were to be paid only on the completion and delivery of the pamphlet laws of each session, the Department is not authorized to pay for the part of the work done up to the time when the contract was terminated, and authority is needed to make the payment.

The contract with Little, Brown & Co. being now terminated, they claim a right of property in the stereotype plates from which the statutes have been printed; and as there is no provision in the act terminating the contract to re-imburse them for the expense of continued storage and insurance, they do not feel disposed to incur the future expense of such preservation of the plates. They have intimated a willingness to dispose of their interest in them to the United States at about their value as old metal; and, as in case of any accident occasioning a loss of the original files of any of the acts of Congress, the stereotype plates might be considered valuable as evidence of authenticity of said acts, and as some possible future use may be required of them, it is conceived that their purchase by the Government, and preservation in a fire-proof depository at the Capitol, would be a matter of prudence and economy.

A provision by Congress authorizing the use of so much of the unexpended balance of the appropriation referred to as may be necessary for the payment of the account in question, and of not exceeding six thousand dollars of the same appropriation, for the purchase, transportation, and transit-insurance of the stereotyped plates, will, it is believed, effect the purpose now in view in reference to both objects.

I inclose herewith a copy of the letter of Little, Brown & Co. on the subject to this Department.

I have the honor to be, sir, your obedient servant,

HAMILTON FISH.

Hon. JAMES A. GARFIELD,
*Chairman of the Committee on Appropriations,
House of Representatives.*

WASHINGTON, *January 22, 1875.*

DEAR SIR: Referring to our claim made upon the Department of State by letter of July 3, 1874, for expenses incurred in preparing for press the editions of the session laws of the first session of Forty-third Congress, prior to the act of June 20, 1874, by which our contracts of October 31, 1850, and March 31, 1866, were determined, we beg leave to inclose herewith our account of such expenses actually paid by us, with vouchers for the same, amounting to \$1,690.01. We would also call the attention of the Department to the facts relating to the stereotype plates of the eighteen volumes of Statutes at Large and treaties of the United States, which are now in our possession, and to the propriety of making some proper arrangement in regard to the same. By the provisions of the contracts made with our firm of L., B. & Co., and in pursuance of the resolutions of Congress by which the same were authorized, in order that the United States may procure at any time such copies as they may need of said published laws and treaties, it is provided that the publishers shall stereotype the same, and shall convey to the United States such interest, ownership, and control over the stereotype plates thereof as shall secure the delivery of such copies in whosoever hands said plates may be at any future and distant period of time; and that said firm shall also effect and maintain insurance upon said plates for the benefit of the United States and of themselves, as proprietors of said plates. Said statutes have been so stereotyped, and the interest, ownership, and control over said plates has been conveyed to the United States to the extent and for the purposes aforesaid, but not otherwise; and we have at all times maintained insurance thereon as agreed. Said stereotype plates have now accumulated in large quantity, and the storage and preservation thereof and insurance thereon are, and will be, of great expense. By reasons of the provisions of the act of the United States of June 27, 1866, entitled "An act to provide for the revision and consolidation of the statute laws of the United States," and of the acts in addition thereto, further copies of said statute laws so published by us in past years are not likely to be required for the use of the United States to any large extent nor to meet with a sale in the market, and the value of said stereotype plates, as such, will be wholly lost and the further preservation thereof a needless expenditure and waste, and we would therefore represent that it is just and reasonable that we should be released from our obligations under said contracts, further to preserve or insure said stereotype plates or to furnish copies therefrom, and be allowed to make such use as we may see fit of the material thereof; or that the United States may take said plates to their own keeping and use, at such valuation as may be deemed just.

Yours, very respectfully,

LITTLE, BROWN & CO.

HON. HAMILTON FISH,
Secretary of State.

TREASURY DEPARTMENT,
Washington, D. C., January 16, 1875.

SIR I have the honor to transmit herewith copy of a communication received from the Supervising Architect in reference to the necessity of an appropriation of \$40,000 required for "furniture and repairs of the same for public buildings" for the service of the fiscal year 1875, and to request that the same may be inserted in the deficiency bill now pending in the House.

I am, very respectfully,

B. H. BRISTOW,
Secretary.

HON. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
OFFICE OF SUPERVISING ARCHITECT,
January 12, 1875.

SIR: The estimate for furniture and repairs of furniture for public buildings under the control of this Department for the current fiscal year was \$200,000, of which amount Congress appropriated but \$150,000, and made available of that to pay for expenditures incurred during the past fiscal year \$20,000, instead of appropriating the amount asked by this Department to supply deficiencies for the past year, leaving actually but \$130,000 for the current fiscal year, which, with the exception of but \$9,787.52, has already been expended, or authorized to be expended, for necessary furniture for the various buildings under the control of the Department. No expenditures to

exceed this amount will be authorized, unless by authority of Congress, but there is required, besides the current necessary repairs to the furniture in the buildings, furniture for the extension of the court-house and post-office at Indianapolis, Ind.; for the custom-house at Milwaukee, Wis., which building has just been placed in thorough repair; for additional rooms in the custom-house at Boston, Mass., made by the recent alterations; and for the custom-house at Toledo, Ohio, which is almost destitute of furniture. The furniture for these buildings is needed immediately, and it is estimated will cost not less than \$40,000, which amount I respectfully request may be included in the deficiency appropriation bill for the current fiscal year.

Very respectfully,

WM. A. POTTER,
Supervising Architect.

Hon. B. H. Bristow,
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, D. C., January 14, 1875.

SIR: I have the honor to transmit herewith copy of a letter received from the Supervising Architect in reference to a deficiency of \$67,635.45 in the appropriation for "fuel, lights, and water for public buildings," for the fiscal year 1875, and to request that, in order to cover the same, a deficiency item of \$40,313.26, and a clause to make available for the current fiscal year the unexpended balance remaining to the credit of this appropriation for the last fiscal year, be inserted in the deficiency bill now pending in the House, as requested therein.

I am, very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT, OFFICE OF SUPERVISING ARCHITECT,
Washington, D. C., January 11, 1875.

SIR: The estimate submitted for the amount required to defray the expense of fuel, light, water, and miscellaneous items for public buildings under this Department during the current fiscal year, based upon the expenditures of the previous year, was \$275,000. Congress, however, appropriated but \$225,000. Subsequent to the appropriation, estimates of the probable cost of fuel, light, water, and miscellaneous items for the year were asked for and received from the custodians of the various buildings, which amounted in the aggregate to \$311,099.47, which sum being so much in excess of the appropriation, revised estimates were called for, some of which have been received and in other cases letters have been received from the custodians stating that no reduction could be made in their former estimates. The revised estimates, together with those which could not be reduced, amount to \$292,635.45, which would leave a deficit, deducting the amount appropriated, \$225,000, of \$67,635.45 under this appropriation for the current fiscal year. There is, however, a balance in the Treasury to the credit of the appropriation above named for the past fiscal year unavailable under the act of July 12, 1870, of \$27,322.19, which, if made available by Congress, would leave a deficiency of but \$40,313.26, and I respectfully request that an item be included in the deficiency appropriation bill to cover this amount, and a clause inserted therein to make available the balance of last year referred to above.

Very respectfully,

WM. A. POTTER,
Supervising Architect.

Hon. B. H. BRISTOW,
Secretary of the Treasury.

UNITED STATES POST-OFFICE AND COURT-HOUSE AT NEW YORK CITY.

No. 1.

Estimate of cost to complete building from and after February 1, 1875.

CELLAR.

Setting 2 engine boilers; flagging, flooring, and finishing around hydraulic elevators.....	\$6,500 00
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BASEMENT.

20,000 square feet flooring, at 30 cents.....	\$6,000 00	
4,450 square yards plastering on brick arches, at 75 cents.....	3,337 50	
4,900 square feet turning and lathing under drive-way, at 30 cents.....	1,470 00	
60,000 brick-work on partition and wall-linings, at \$45.....	2,700 00	
300 linear feet cast-iron skirting around hydraulic elevator-openings, at \$2.50.....	750 00	
150 linear feet wardrobes and water-closets, at \$12.....	1,800 00	
1,200 square feet platform and steps to wardrobes and water-closets, at 60 cents.....	720 00	
2 new iron stairs, southwest front, like stairs "E," at \$2,500...	5,000 00	
40 linear feet wainscoting, stairs "C," at \$3.50.....	140 00	
350 linear feet soffit to mezzanine floor between cast-iron screens and elsewhere, (entrance floor,) at \$1.50.....	525 00	
Painting 173 columns and 1,600 yards of iron-work.....	2,500 00	
Ten windows, with trimmings, at \$60.....	600 00	
Eight doors, complete, at \$60.....	480 00	
		\$26,022 50

FIRST STORY.

2,000 square yards plastering, at 75 cents.....	1,500 00	
Two architraves to elevator shafts, with cornice complete, including furring and lathing, and cornice of mezzanine-floor rooms.....	1,250 00	
30,000 feet flooring, at \$30.....	9,000 00	
11,500 feet tiling, (material on hand,) at 20 cents.....	2,300 00	
Painting 117 columns, 30 feet high, at \$30.....	3,510 00	
Painting 1,500 yards of iron panels, soffits, and fire-proof shutters, at \$1.50.....	2,250 00	
Painting skylight, stairs, screens, and iron generally.....	3,500 00	
Cast-iron finish around 10 hydraulic elevators, and other iron-work.....	2,500 00	
Two doors to elevators, with transom lights, at \$125.....	250 00	
750 linear feet painting, mezzanine-floor railing, at \$2.....	1,500 00	
Painting 60 architraves to openings, at \$15.....	900 00	
		28,460 00

SECOND FLOOR.

500 square yards plastering, at 75 cents.....	375 00	
4,500 square yards hard finish, at 30 cents.....	1,350 00	
150 linear feet cornice, at \$2.50.....	375 00	
1,250 square feet flooring, at 30 cents.....	375 00	
7,960 square feet tiling, at 70 cents.....	5,572 00	
Painting 74 door architraves, at \$10.....	740 00	
Painting 81 windows and shutters, at \$15.....	1,215 00	
Painting 126 pilasters, at \$6.....	756 00	
Painting stairs and general work.....	500 00	
90 linear feet wardrobes and water-closets of black walnut, including platform and steps, at \$12.....	1,080 00	
Groin arches, walls in water-closets, concreting, and jobbing...	3,000 00	
		15,338 00

THIRD STORY.

Concreting and brick-work.....	\$2,000 00	
300 square yards plastering, at 75 cents.....	225 00	
4,900 square yards plastering, finishing, at 30 cents.....	1,470 00	
1,250 linear feet cornice, 7-foot girth, at \$3.....	3,750 00	
Painting 81 window architraves and shutters, at \$25.....	2,025 00	
Painting 76 doors, at \$15.....	1,140 00	
Painting 126 pilasters, at \$12.....	1,512 00	
Painting other iron and wood work.....	500 00	
56 wardrobes and water-closets, including platform and steps, at \$12.....	672 00	
Finishing doors and sashes, and hanging same.....	950 00	
		14,244 00

FOURTH STORY.

7,250 square yards plastering, at 75 cents.....	5,437 50
3,950 linear feet cornice, at \$2.50.....	9,875 00

900 square yards concrete, at \$2	\$1,800 00	
9,750 square feet tiling, at 70 cents	6,825 00	
Painting 81 window architraves and shutters, at \$25	2,025 00	
Painting 76 doors, at \$15	1,140 00	
Painting 126 pilasters, at \$12	1,512 00	
Painting stairs, other iron-work, &c	2,500 00	
110 doors to complete, at \$25	2,750 00	
Sashes for 81 windows, at \$20	1,620 00	
		\$35,484 50

ATTIC.

1,100 square yards plastering, at 75 cents	825 00	
475 linear feet cornice, 9-foot girth, at \$3.50	1,662 50	
Painting	2,500 00	
6 doors, at \$150	900 00	
		5,887 50

COURT-ROOMS.

3 court-rooms, including all ornamental work, iron stylobate, gallery, large ventilators in ceiling, furring and lathing, at \$25,000	75,000 00
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CORNER PAVILION.

17,530 square feet furring and lathing, at 30 cents	5,259 00	
1,935 square yards plastering, at \$1	1,935 00	
140 square yards ornamental ceiling, at \$6	840 00	
90 linear feet cornice, at \$7.50	675 00	
Change in door-openings and window-architraves	4,500 00	
Finish over 5 stairs, F, G, and H, at \$500	2,500 00	
400 linear feet bronze railing on Broadway and Park Row curtains, at \$3	1,200 00	
		223,845 50
Contingencies, add 10 per cent		22,384 55

Total 246,230 05

W. G. STEINMETZ,
Assistant Superintendent.

No. 2.

Amounts due on contracts not included in estimate, when completed.

Due for material already delivered	\$20,000 00
Due Henvelman, Haven & Co., iron, to complete	22,500 00
Due Edward A. Boyd, glass	6,176 00
Due George Dwight, jr., & Co., furring and lathing	7,500 00
Due L. Atwood, elevators	8,000 00
Due Davidson & Mars, hydraulic elevators, (10)	7,371 62
Due Davidson & Mars, corner pavilion stairs and elevators	79,849 34
Due Bartlett, Robbins & Co., iron stairs, &c	161,306 06
Due fire-proof shutters	35,000 00
Due Kellogg Bridge Co., iron-work on roof	7,500 00
Due plumbing	15,000 00
Total	370,203 02

RECAPITULATION.

Amount Statement I	\$246,230 05
Amount Statement II	370,203 02
Total to complete building	616,433 07
(See Statement No. 5.)	

No. 3.

Estimate for area along building-line on park front, as shown on plan.

920 cubic yards of excavations at \$1	\$920 00
230 linear feet sheet piling and shoring at \$10	2,300 00
17 windows cut through walls, including walling and pointing up, at \$70	1,190 00

370 superficial feet window-sills at \$3.....	\$1,110 00	
17 window-frames, including sashes, complete, at \$140.....	2,380 00	
7,650 pounds 10-inch iron beams, at 10 cents.....	765 00	
2,212 superficial feet coping and grating, at \$2.....	4,424 00	
220 linear feet sewer-pipe, at \$5.....	1,100 00	
221 linear feet coping, (granite,) at \$2.50.....	552 50	
88 linear feet coping, (granite,) at \$2.....	176 00	
215 linear feet coping, (granite,) at \$14.....	3,010 00	
217 linear feet fence, (stone,) at \$6.50.....	1,410 50	
275 linear feet iron fence and gate at \$15.....	4,125 00	
4 granite gate-posts, at \$1,000.....	4,000 00	
6,800 superficial feet of sidewalk concreting, at 30 cents.....	2,040 00	\$29,503 00
Contingencies, add 15 per cent.....		4,425 45
Estimate for paving and grading around the proposed improvement, as per plan and estimate attached.....		11,160 00
Total.....		45,088 45

No. 4.

Estimate for attic, not included in the original estimate.

3,000 square yards concrete, at \$2.....	\$6,000 00	
20,588 superficial feet flooring, at 30 cents.....	6,176 40	
9,500 superficial feet tiling, at \$1.....	9,500 00	
18,000 superficial feet lining to mansard roof, at 40 cents.....	7,200 00	
7,500 yards plastering, at 75 cents.....	5,625 00	
9,500 feet furring to hall ceiling, at 30 cents.....	2,850 00	
1,056 yards plastering to hall ceiling, at 75 cents.....	792 00	
300 M brick along roof, at \$50.....	15,000 00	
Sky-light to park front and southwest domes, at \$500.....	1,000 00	
3 sky-lights in ventilating shaft-roofs, at \$250.....	750 00	
Flag-poles and weather-vanes.....	2,500 00	
Stairs from attic to dome, including brick walls.....	2,750 00	
Heating new rooms in southwest front and park front dome ...	4,500 00	
Gas-pipes.....	750 00	
		\$65,393 40
Contingencies, add 15 per cent.....		9,809 01
Total.....		75,202 41

No. 5.

Cost of heating-apparatus to date.

Contract, Davidson & Mars.....	\$178,000 00
Extra heating and ventilation, not included in contract.....	20,000 00
Work performed by Government employes for heating and ventilation, such as masonry, cutting extra attic ventilation, tending heating boilers, and furnishing fuel since January 1, 1874.....	82,000 00

MACHINERY.

10 hydraulic elevators.....	27,000 00
2 Atwood elevators.....	13,000 00
2 hydraulic elevators, cor. pavilion.....	30,000 00
2 boilers for engines.....	6,500 00
Extra work on elevators.....	10,000 00
	\$366,500 00

OFFICE OF THE SUPERINTENDENT OF CONSTRUCTION,
UNITED STATES POST-OFFICE AND COURT-HOUSE,
BROADWAY, OPPOSITE PARK PLACE,
New York, February 5, 1875.

SIR: Inclosed please find an estimate of the cost to complete this building from and after the 1st instant, as shown on statements Nos. 1 and 2, herein inclosed, and

amounting together to the sum of six hundred and sixteen thousand four hundred and thirty-three dollars and seven cents, (\$616,433.07.)

Statement No. 3 exhibits the cost of a proposed area along the park front, as contemplated a long time ago. The space under the drive-way, 314 feet long and about 27 feet wide, is intended for the use of the paper-department of the post-office. By the present arrangement the only light admitted is through the illuminated tiling against the front of the building. By building the proposed area, windows may be cut through the present retaining-wall, thus giving ample light and ventilation, which will be much needed. The city has granted six (6) feet of the sidewalk for building this area, and on application would give a wider space.

I have included in my statement the estimate of the city surveyor of the cost to change the grades and curb and to do the necessary paving, making the total cost forty-five thousand and eighty-eight dollars and forty-five cents, (\$45,088.45.)

Statement No. 4 gives the cost to complete those portions of the attic which were not included in the original estimate. I think that it is of great importance to have back lining to the slate to keep wind, dust, and snow out of the attic and domes. The completion of the story would also render necessary flooring, plastering, and ceiling to halls, the cost of which, as per statement, will be seventy-five thousand two hundred and two dollars and forty-one cents, (\$75,262.41.)

The rooms in the attic are spacious, well lighted, heated, and ventilated. A portion of the rooms will be required for the use of the United States marshal, and the others may be used as file and record rooms. The greater part of this floor is already concreted and sleepers laid ready for flooring.

Statement No. 5 exhibits the total cost of heating and ventilating apparatus and machinery when completed. The total cost, as shown by statement, will be three hundred and sixty-six thousand five hundred dollars, (\$366,500,) although the amount appropriated for this purpose was only two hundred thousand dollars, (\$200,000.)

In conclusion, I would call your attention to the fact that in making the above estimates I have taken into consideration both the present state of the work and the difficulties that may hereafter be encountered in handling material, &c., through the building.

Very respectfully,

W. G. STEINMETZ,
Assistant Superintendent.

Hon. C. T. HULBURD,
Superintendent, &c.

OFFICE OF THE SUPERINTENDENT OF CONSTRUCTION,
UNITED STATES POST-OFFICE AND COURT-HOUSE,
BROADWAY, OPPOSITE PARK PLACE,
New York, February 5, 1875.

SIR: Inclosed please find W. G. Steinmetz's, esq., assistant superintendent, report and estimates of amount of funds required to finish this building, prepared and sent as per your telegram directions of the 26th and 28th of January ultimo.

Very respectfully,

C. T. HULBURD, *Superintendent.*

WM. A. POTTER, Esq.,
Supervising Architect.

TREASURY DEPARTMENT,
Washington, D. C., February 19, 1875.

SIR: I have the honor to transmit herewith copy of a letter from the Supervising Architect, under date of the 15th instant, with accompanying papers, and to recommend that provision be made in some one of the appropriation bills now pending for the amounts as requested therein, as follows:

Post-office and subtreasury, Boston, Mass.: For furniture, including fittings, fixtures, counters, carpets, and mats, \$100,000; \$40,655.98 of this amount expended for counters, &c., from appropriation for construction of the building (Statutes, vol. 17, p. 353) to be refunded to latter appropriation.

Court-house and post-office, Columbia, S. C.: For furniture, including fittings, fixtures, counters, and carpets, \$25,000.

Court-house and post-office, Indianapolis, Ind.: For completion of extension and remodeling the old building for court-house and post-office at Indianapolis, Ind., \$12,000. (See Exhibit A.)

Court-house and post-office, Omaha, Nebr.: For completion of building, \$10,000. (See Exhibit B.)

Post-office and court-house, New York: For completion of building, \$388,160.08 (See Exhibit C.)

Vaults, safes, and locks, for public buildings, 1875: For vaults, safes, and locks for public buildings under the control of the Treasury Department, \$5,000.

Very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
OFFICE SUPERVISING ARCHITECT,
Washington, D. C., February 15, 1875.

SIR: I have the honor to request that appropriations for the following objects may be obtained during the present session of Congress for the reasons hereinafter specified, viz:

Boston, Mass., post-office and subtreasury, furniture	\$100,000 00
Columbia, S. C., court-house and post-office, furniture	25,000 00
Indianapolis, Ind., court-house and post-office, for completion, extension, and repairs of the old portion of the building and payment of out- standing liabilities on account of the same	12,000 00
Omaha, Nebr., court-house and post-office, for completion of building	10,000 00
Vaults, safes, and locks for public buildings	5,000 00
New York post-office and court-house, completion of building	388,160 08
Total	540 160 08

The Boston post-office and subtreasury is virtually completed and occupied by the Post-Office Department. No appropriation has been made for furniture for the building, but under act approved June 10, 1872, (Statutes at Large, page 353,) authorizing "the necessary furniture and outfit for the post-office and subtreasury, and for preparing the approaches thereto, fifty thousand dollars, (\$50,000,) to be paid out of the appropriation already made," an expenditure of forty thousand six hundred and fifty-five and $\frac{98}{100}$ dollars (\$40,655.98) has been made in the purchase and manufacture of part of the working furniture at the post-office—the post-office screen and counters, the marble counters in the cash-room of the assistant treasurer's office, the gas-fixtures, &c., of the whole building—which amount should be refunded to the appropriation for the construction of the building. The balance of the appropriation asked for, viz, fifty-nine thousand three hundred and forty-four and $\frac{2}{100}$ dollars, (\$59,344.02,) will be required to be expended in the purchase of office-furniture—desks, chairs, wardrobes, file-cases, carpets, &c.—for the post-office and the offices of the assistant treasurer. A less amount will not, in my opinion, be sufficient to meet the necessary expenditures therefor.

The United States court-house and post-office at Columbia, S. C., will be completed and ready for occupancy by the 1st of July, and the amount asked for furniture is for the purchase or manufacture of the working and office furniture of the post-office and the furniture, carpets, &c., of the court-rooms in the building.

The work on the extension of the United States court-house and post-office at Indianapolis, Ind., and the repairs of the old building, is at present suspended for want of funds for its completion.

Inclosed please find the estimate of the superintendent of the sum required to meet these expenditures and to pay outstanding liabilities on account of the work, amounting to \$10,334.83, to which I have added the sum of \$1,665.17, which, in my opinion, will be required to meet unforeseen expenditures on account of the work. The wants of the public service demand that this work should be completed at the earliest moment practicable, and I have therefore to request that the necessary appropriation may be obtained.

The United States court-house and post-office at Omaha, Nebr., is very nearly completed, but the amount asked for is absolutely necessary in order to finish the work. I inclose herewith the estimate of Jonas Gise, superintendent, amounting to \$9,808.20, to which I have added the sum of \$192.80, which, in my opinion, will be found necessary to complete the building.

The appropriation for the furniture was made last year, and contracts are about being entered into for the supply of the same. The building is at present occupied by the Post-Office Department, and will be ready for the accommodation of the United States courts by the first of May, should the appropriation herein asked for be granted.

The amount asked for vaults, safes, and locks for public buildings is to meet expenditures in advertising during the current fiscal year for this department, and is more particularly in the nature of a deficiency.

The amount required to complete the United States court-house and post-office at New York City, viz, \$736,723.93, is comprised in the following sums: To complete the building proper, as heretofore intended, from February 1 instant, not already contracted for, \$246,230.05; to balance due on contracts when completed, \$370,203.02; to area on park front, \$45,088.45; and to estimate for finishing the attic-story, not included in the original estimate, \$75,204.41, as per inclosed estimate of the superintendent, in which these items are specifically detailed.

To meet these expenditures there was in the Treasury on the 1st instant the sum of \$348,563.85, leaving the amount required to be appropriated, \$388,160.08.

The apparent deficiency on account of this work arises in part as follows: The cost of the heating, ventilating, and hoisting apparatus exceeds by \$166,500 the amount appropriated therefor last year, and exceeds the amount of the estimates submitted last year in the sum of \$130,500, and the balance arises from the underestimation of the cost of the work.

The amount asked for the area on the park front is to render available the space under the drive-way, which is 314 feet long and about 27 feet wide, and is intended for the use of the newspaper department of the post-office. It is absolutely necessary to make this space available, as the large quantity of newspaper-mail daily received at this office cannot be accommodated in the basement-story, unless by cramping to such an extent as to render it almost impossible to conduct the business of the office properly and with economy. There has already been expended in the construction of this area very nearly \$100,000, and unless utilized the money has been unnecessarily spent. To utilize this space it is necessary to cut openings in the retaining-wall and build area windows, in order to get proper light and ventilation, as exhibited on the drawing inclosed.

The amount required to complete the attic-story, \$75,202.41, arises from the fact that the rooms in that story are required for the prosecution of the public business, and are already provided with heating and ventilating and hoisting apparatus and machinery, which was not heretofore contemplated, and in this particular increased the cost over the estimate for the same as hereinbefore specified. The amount required includes \$31,000 which must be expended in plastering the ceilings and back-lining the slate to keep wind, dust, and snow out, and in order to confine the heat from the heating-apparatus. The rooms in the attic are spacious and well lighted, and in my opinion the interests of the Government demand the completion of the attic-story as specified in the estimate herewith.

If the amount herein estimated shall be appropriated, the building will be completed and occupied early in the coming summer, and I have no hesitation in saying that the building can be completed within that sum, but not for a less amount.

Very respectfully,

WM. A. POTTER,
Supervising Architect.

Hon. B. H. BRISTOW.
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, D. C., February 24, 1875.

SIR: I have the honor to transmit herewith copy of a letter from the Supervising Architect, under date of the 10th instant, and accompanying papers, in which that officer requests that an appropriation be made for repairing the damage to the post-office building at Newport, R. I., caused by fire on the 21st ultimo, and also an appropriation for the erection of a storage-building adjacent to the custom-house in that city.

I have the honor to recommend that provision be made in some pending appropriation bill for the appropriation of seven thousand four hundred and nineteen dollars and forty-three cents (\$7,419.43) for the repair of said post-office building; and an appropriation of three thousand seven hundred and twelve dollars and fifty cents (\$3,712.50) for the erection of a building for storage and other purposes connected with the custom-house at Newport, R. I. This expenditure has been made a necessity by the remodeling of the building used for the custom-house, and because the lower floor is occupied by the city post-office, thus depriving the collector of the store-room which he formerly occupied.

I have the honor to recommend that the above-mentioned appropriations may be made available upon the passage of the act.

The papers inclosed herewith, which accompany the copy of letter of Supervising Architect, are a report on the damage to the post-office building resulting from the fire of the 21st ultimo, and two letters from the collector of customs of that port in regard to the erection of a building for storage, and location thereof.

Very respectfully,

B. H. BRISTOW.
Secretary.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
Washington, D. C., February 4, 1875.

SIR: I have the honor to recommend that the following item be inserted in the deficiency bill, now in the hands of your committee: "For the payment of the necessary expenses of defending the United States in respect to claims for net proceeds of cotton, under section 5 of act making appropriations to supply deficiencies, &c., approved May 18, 1872, six thousand dollars."

I am, very respectfully,

CHAS. F. CONANT,
Acting Secretary.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
Washington, D. C., January 9, 1875.

SIR: I have the honor to invite your attention to the inclosed copy of a letter from the Comptroller of the Currency, relative to an estimate of \$216,000 required to supply a deficiency in the appropriation for "expenses of national currency" for the fiscal year ending June 30, 1875, which has been embodied in the regular deficiency estimates this day transmitted to the honorable Speaker of the House of Representatives.

I am, very respectfully,

CHAS. F. CONANT,
Assistant Secretary.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, D. C., January 7, 1875.

SIR: No estimate was submitted for the additional expense attendant upon the issue of national-bank currency under the act of June 20, 1874. The amount of circulation issued for the last four months of 1873 was \$10,026,735; the amount issued for the corresponding four months of 1874 was \$40,935,934; showing an increase in the past year of more than four times the amount issued for the corresponding period of the previous year.

The whole appropriation authorized for the present fiscal year is therefore exhausted, and unpaid bills have accumulated during the last two months amounting to \$55,085.02. It is estimated that an appropriation will be required of about \$27,000 for each month, out of which to pay the expenses of paper, printing, and express-charges, together with the additional expense of printing the charter-number upon the notes and of numbering, sealing, and trimming the same for the period of eight months from November 1, 1874, to June 30, 1875, or, in all, an appropriation amounting to \$216,000.

I have the honor to be, very respectfully,

JOHN JAY KNOX,
Comptroller.

Hon. B. H. BRISTOW,
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, D. C., February 16, 1875.

SIR: I have the honor to transmit herewith copy of a letter from the Director of the Mint, inclosing letters—copies of which are herewith inclosed—from mint-officers in Philadelphia, setting forth the necessity for a more certain water-supply for the mint of the United States than that obtained from the city water-works, and requesting an appropriation for the purpose of sinking an artesian well within the mint. I have the honor, therefore, to recommend the appropriation of ten thousand dollars (\$10,000) for the purpose.

Very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES A. GARFIELD,
Chairman of Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
OFFICE OF THE DIRECTOR OF THE MINT,
Washington, D. C., January 25, 1875.

SIR: I respectfully invite your attention to the inclosed letters from the superintendent of the United States mint at Philadelphia, dated the 7th and 23d instant, together with a copy of a letter from Mr. James C. Booth, melter and refiner of that institution, relative to the necessity of an artesian well for the supply of water for the use of the mint, and submitting an estimate of the probable expense thereof.

The grounds assigned for this necessity are, in my judgment, good and sufficient, while the benefits accruing therefrom would, in the contingencies alluded to in Mr. Pollock's communication, be incalculable.

I therefore respectfully request that you cause an estimate to be made for the sum asked for, (\$10,000,) and submit the same to the Committee on Appropriations, with your favorable recommendation that it may be appropriated for in the sundry civil bill.

I have the honor to be, sir, very respectfully,

H. R. LINDERMAN,
Director.

Hon. B. H. BRISTOW,
Secretary of the Treasury.

MINT OF THE UNITED STATES AT PHILADELPHIA,
MELTING AND REFINING DEPARTMENT,
December 31, 1874.

DEAR SIR: In view of the past history of insufficient water-supply from the city works, and especially in view of the probable extent of silver-melting which is likely to be called for from this mint, permit me to draw your attention to the importance of procuring a sufficient supply of water for this mint, independent of the city works, with all their contingencies of insufficient supply, repairs to works, &c., from which we have suffered to a serious extent within the last few years.

I have estimated roughly that to obtain sufficient water and of good quality by boring, the cost would not exceed the capital represented by the amount we annually pay for the use of the city water.

May I urge you to draw the Director's attention to this point, as materially affecting our ability to execute increased work on bullion at this mint, and to the importance of an early legislation on the subject, because time will be required to make the requisite boring, if it be ordered?

Respectfully, yours,

JAMES C. BOOTH.
Melter and Refiner.

Hon. JAMES POLLOCK,
Superintendent United States Mint, Philadelphia.

MINT OF THE UNITED STATES,
MELTING AND REFINING DEPARTMENT,
Philadelphia, January 21, 1875.

DEAR SIR: In reference to the proposed well to be sunk at the mint, I have to say that many borings for water have been made in different parts of this city, and I know of no one that has failed to get a very full supply of water. Within some distance below the surface the water is apt to be more or less contaminated with city drainage or impurities, but at the depths of one to three hundred feet the water there met with probably comes under ground from a distance of miles, and is entirely independent of the surface and surface-water at the mouth of the well. The reason for this is that water under ground flows along the strata, which under Philadelphia are chiefly horizontal. Hence the rain falling on the surface of the earth, more or less, descends through the soil and strata of sand and gravel until it reaches a clay-bed, or clay-slate, or any water-tight rock, and then it flows along this close-grained surface until it comes out in springs, or oozes out through any loose strata. Hence there is always water to be found at some depth in inexhaustible supply; but in some localities the depth is too great to warrant the expenditure required to sink a well. There is no prospect of so unfavorable a result in Philadelphia within the depths of several hundred feet, and this supply is independent of the rivers. I think it will be necessary to descend from 150 to 300 feet in order to secure abundance of water of sufficiently good quality, and I think that experience warrants the belief that we shall find it.

Respectfully, yours,

JAS. C. BOOTH,
Melter and Refiner.

Hon. JAMES POLLOCK,
Superintendent United States Mint at Philadelphia.

MINT OF THE UNITED STATES,
Philadelphia, January 7, 1875.

SIR: I desire to call your attention to the fact that a better and more reliable supply of water for this mint is necessary for our future operations. To secure it, an artesian well sunk on the mint-premises will, in my judgment, be the best and most economical arrangement that could be made to meet our wants in this direction.

I have invited a statement on this subject from Professor Booth, our melter and refiner, a copy of which I inclose for your consideration. I entirely agree with him in the opinion that the cost would not exceed the capital, a little less than \$10,000, represented by the amount (\$583) we annually pay for the use of the city water, with the added advantage of being always sure of our water-supply and free from the risk of all adverse contingencies, whether arising from drought or casualties to the city water-works. I think the well could be put down by workmen now on our pay-rolls, under the supervision of some of our employes who have had large experience in sinking oil-wells. This would materially lessen the cost of the improvement, unless it should be deemed advisable to have it done by contract.

An appropriation will be required to defray the cost of the well, and the requisite fixtures for the distribution of the water, and I earnestly commend the subject to your early and favorable consideration.

Very respectfully,

JAS. POLLOCK,
Superintendent.

Hon. H. R. LINDERMAN,
Director of the Mint, Washington, D. C.

MINT OF THE UNITED STATES,
Philadelphia, January 23, 1875.

SIR: In reply to your inquiry of the 20th instant, I herewith forward a copy of a letter of the 21st instant, from Professor Booth, our melter and refiner, giving his general views, which accord with my own impressions, with regard to artesian wells in this locality, and the probability of reaching, by this means, a full supply of water for the mint. I may add to this the fact which I have ascertained, that the artesian well at the Continental Hotel in this city is 275 feet deep, of which about 180 feet was through solid rock, and that, to test its capacity, aside from its natural flow, they pumped it at one time, by steam-power, for forty-eight hours, at the rate of sixty gallons a minute, without being able to exhaust or diminish the supply.

Very respectfully,

JAS. POLLOCK,
Superintendent.

Estimates of appropriations required for the service of the fiscal years ending June 30, 1874 and 1875.

General object. (Title of appropriation.)	Detailed objects of expenditure and explanations.	Date of acts, resolutions, or treaties authorizing or providing for the expenditures.	References to Statutes at Large.			Estimated amount which will be required for each detailed object of expenditure.	Total amount to be appropriated under each head of appropriation.	Amount appropriated for the current fiscal year ending June 30, 187-.
			Vol.	Page.	Sec.			
MINTS AND ASSAY-OFFICES.								
	Mint of the United States at Philadelphia: Transportation of bullion and trade-dollars, being a deficiency for the fiscal year ending June 30, 1874	Mar. 3, 1873	17	497	1	.....	\$773 70	.....
Freight on bullion	Mint of the United States at San Francisco: Wages of workmen and adjusters, being a deficiency for the fiscal year ending June 30, 1875.....	Feb. 12, 1873	17	424	4, 12	.....	37, 000 00	.....
Wages of workmen ...	Fuel, copper for alloy, chemicals, and other incidentals, being a deficiency for the fiscal year ending June 30, 1875.....	Appropriated	18	97	1	.....	19, 000 00	.....
Contingent expenses...	Mint of the United States at Carson: Wages of workmen and adjusters, being a deficiency for the fiscal year ending June 30, 1875.....	Feb. 12, 1873	17	424	4, 12	.....	16, 000 00	.....
Wages of workmen ...	Fuel, chemicals, acids, and other incidentals, being a deficiency for the fiscal year ending June 30, 1874	Appropriated	17	498	4	\$4, 000 00	.....	.....
Contingent expenses...	Wood, charcoal, sulphuric acid, crucibles, fluxes, copper for refining and alloy, freight and other incidental expenses, being a deficiency for the fiscal year ending June 30, 1875	do .....	.....	.....	.....	79, 000 00	83, 000 00	.....
Wastage in refining....	To cover excess of silver wastage in melter and refiners' operations for the fiscal year ending June 30, 1874.....	Submitted...	.....	.....	.....	.....	804 07	.....
Wages of workmen	Assay-office at New York: Wages of workmen, being a deficiency for the fiscal year ending June 30, 1875.	Feb. 12, 1873	17	424	4, 12	.....	10, 000 00	.....
Contingent expenses...	Repairs, materials, acids, and other incidentals, being a deficiency for the fiscal year ending June 30, 1875.....	Appropriated	18	97	1	.....	10, 000 00	.....
Total for mints and assay-offices							176, 577 77	.....

TREASURY DEPARTMENT,
OFFICE OF THE DIRECTOR OF THE MINT,
January 12, 1875.

SIR: I have the honor to request that you will procure the following deficiency appropriations on account of the Mint service for the fiscal year ended June 30, 1874:

MINT UNITED STATES, PHILADELPHIA.

There is due the Adams Express Company on account of transportation of bullion and trade-dollars, between the assay-office, New York, and the Mint at Philadelphia, for the fiscal year ending June 30, 1874, the sum of \$773.70, and which amount should be provided for in the deficiency bill.

MINT UNITED STATES, CARSON.

At the annual settlement of accounts for the fiscal year ended June 30, 1874, there was an excess in the amount allowed by law, in the melter and refiner's silver wastage of \$804.07, and for which an appropriation should be made in order to re-imburse the bullion-fund to that amount.

The report of Professor Schirmer, assayer in charge of the mint at Denver, who was sent by the director to examine into the causes of the excessive wastage, will be found annexed.

Incidental and contingent expenses incurred by the former superintendent of the Carson mint for the fiscal year ended June 30, 1874, and not estimated for, the sum of \$4,000 will be required.

These expenses appear to have been proper, and, in my opinion, should be provided for.

I have the honor to be, sir, very respectfully,

H. R. LINDERMAN,
Director.

HON. BENJAMIN H. BRISTOW,
Secretary of the Treasury.

TREASURY DEPARTMENT,
OFFICE OF THE DIRECTOR OF THE MINT,
January 12, 1875.

SIR: I have the honor to request that you will procure the following deficiency appropriations on account of the Mint service for the current fiscal year:

UNITED STATES ASSAY-OFFICE, NEW YORK.

In order to meet the largely-increasing silver operations in the assay-office at New York, it is necessary to transfer melting operations from the first-story room in the rear building to the rooms heretofore occupied by the banking-firm of Messrs. Clews & Co., in the front building, and which will enable the room first mentioned to be occupied for refining and separating the precious metals, and thereby double the capacity of the office.

The increased space to be occupied, erection of furnaces and condensing-chambers and the increased operations of the office, will be attended with an expense in excess of the appropriations for the current fiscal year, as follows:

Wages of workmen.....	\$10,000
Repairs, materials, acids, and other incidentals.....	10,000

and these amounts should be appropriated in the deficiency bill.

UNITED STATES MINT AT SAN FRANCISCO.

Coining operations were commenced at the new mint during the early part of December, 1874, actual coinage being intermitted for nearly a month in making the transfer of machinery, bullion, books, &c., from the old to the new mint.

To meet the increasing demand for coinage at that institution, it became necessary to employ additional workmen, and it is estimated that the sum of \$37,000 in the item of "wages of workmen" and \$19,000 in that of "contingent expenses," viz, fuel, copper for alloy, chemicals, and other necessities, will be required for the current fiscal year.

For further explanations, please see copy of letter from Superintendent O. H. La Grange under date of 29th ultimo.

UNITED STATES MINT AT CARSON.

The insufficient appropriations made for the support of the mint at Carson for the current fiscal year, and the increase in the amount of gold and silver separated and coined, instead of being made into stamped bars, as was the case until within the last eighteen months, renders additional appropriations necessary as follows :

Wages of workmen and adjusters	\$16,000
Wood, charcoal, sulphuric acid, crucibles, fluxes, copper for refining gold and silver, and for alloy, freight, and other incidental expenses	79,000

Attention is called to the annexed copy of a letter from Superintendent Crawford, under date of November 2, 1874, showing the increased appropriations to be necessary, and also to a statement of that officer showing the expenditures and receipts of that mint during the month of October, 1874.

The statement covers the operations in the deposit, melting and refining or separating rooms, and which operations are subjects of charge, the law requiring the charges to equal but not to exceed the actual expense thereof. The month of October was taken as exhibiting fairly the average operations of the mint.

I would further add that, since the establishment of the Mint Bureau, the cost of sulphuric acid, which is the principal chemical used in refining, has been reduced at the Carson mint from 13½ cents to 5½ cents per pound ; wood from \$10 to \$7 per cord, and other articles in proportion.

The estimates are respectfully submitted.

I have the honor to be, sir, very respectfully,

H. R. LINDERMAN,
Director.

Hon. BENJAMIN H. BRISTOW,
Secretary of the Treasury.

TREASURY DEPARTMENT, *Washington, D. C., January 14, 1875.*

SIR : I have the honor to transmit herewith certain items of deficiencies required for the service of the United States mints and assay-offices for the fiscal years 1874 and 1875, with the request that the same may be inserted in the deficiency bill now pending in the House.

Your attention is respectfully invited to the inclosed copies of letters from the Director of the Mint for explanation of these deficiencies.

I am, very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations.

TREASURY DEPARTMENT,
Washington, D. C., February 13, 1875.

SIR : I have the honor to invite your attention to the inclosed copy of a letter received from the Acting Comptroller of the Treasury, recommending that an appropriation of one hundred dollars be made to cover a deficiency in the appropriation for "legislative expenses, Territory of Montana," and to request that an item be inserted in the deficiency bill now in the hands of your committee, as follows: "For printing in pamphlet form proclamation of the governor of Montana, during the fiscal year 1873, fifty dollars; for printing in pamphlet form proclamation of the governor of Montana, during the fiscal year 1874, fifty dollars; in all the sum of one hundred dollars."

I am, very respectfully,

B. H. BRISTOW,
Secretary.

Hon. J. A. GARFIELD,
Chairman of Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
First Comptroller's Office, February 12, 1875.

SIR: I have the honor to call your attention to a deficiency in the appropriation for legislative expenses, Territory of Montana, amounting to \$100, for printing, due to George F. Cope, as per bill herewith, and recommend an appropriation therefor.

Very respectfully,

WM. HEMPHILL JONES,
Acting Comptroller.

Hon. B. H. BRISTOW,
Secretary of the Treasury.

TREASURY DEPARTMENT,
Washington, D. C., February 23, 1875.

SIR: There will be required for the service of the fiscal year 1873 an appropriation of thirty-two dollars and forty-two cents, (\$32.42,) under the title "salaries district attorneys," amount due David H. Mason, deceased, late United States attorney for Massachusetts, for salary, being a deficiency for the fiscal year 1873, (act of May 8, 1872, 17 Statutes, page 81, section 1.)

I have the honor to recommend that provision be made in the pending deficiency appropriation bill for the above amount for the purpose specified.

Very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES A. GARFIELD,
Chairman of Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
Washington, D. C., February 13, 1875.

To Hon. LYMAN K. BASS:

There is now due the United States depository at Buffalo, in compliance with the act approved June 22, 1874, \$891.02, to be paid from appropriation for "salaries of designated depositories," act of August 6, 1846, for the safe-keeping, &c., of public revenues, 1871.

CHAS. F. CONANT,
Assistant Secretary.

TREASURY DEPARTMENT, SECOND COMPTROLLER'S OFFICE,
February 16, 1875.

SIR: In reply to your verbal request this morning, to be furnished with a copy of the estimated amount required to be appropriated by Congress in order to liquidate the remainder of the Montana Indian war-claim of 1867, I have the honor herewith to transmit a copy of the letter of this Office relating to the subject, and addressed to the Secretary of War October 19, 1874.

Very respectfully, your obedient servant,

E. B. CURTIS,
Acting Comptroller.

Hon. ISAAC C. PARKER, M. C.,
Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT, SECOND COMPTROLLER'S OFFICE,
October 19, 1874.

SIR: By the act of March 3, 1873, the accounting officers of the Treasury were charged with the adjustment and settlement of the Montana Indian-war claims of 1867.

The payment of the sums found due claimants was devolved by that act upon the Secretary of War. The amount appropriated for the liquidation of the claims by the act of March 3, 1873, was \$513,343.

Vouchers covering the whole of this amount have been settled and adjusted.

The report of Inspector-General J. A. Hardie, United States Army, upon which the legislation was partially founded, dated November 10, 1870, left certain groups of claims suspended for want of proof, either wholly or in part; others unacted upon, be-

cause they had not been presented subsequent to the Chicago fire, which, it will be remembered, had destroyed, in the Inspector-General's Office, much valuable matter collected in the course of his investigation.

Among the class marked "rejected," reference to the report will show another claim stated as rejected because withdrawn previous to report. Under the terms of the act of March 3, 1873, the accounting officers were authorized to consider all claims filed within a year from the passage of the act. This claim was again presented and entitled to notice.

The two groups above described were also entitled to the action of the accounting officers. Appropriate action has been taken in many of these cases. As proof was presented to this Office, or cases newly filed, the evidence has been referred to Inspector-General Hardie, for his remarks upon the condition of facts exhibited, and his reports in the premises have received proper consideration.

This course has been rendered proper and necessary, since the act of March 3, 1873, clothes the statements of Inspector-General Hardie with credit before this Office, though they do not conclude its decision.

The action had has resulted in partial allowances, in no material case full, of claims under the heads above given, to the amount of \$65,504.67, of which amount \$8,665.88 cannot be paid, owing to the exhausted condition of the appropriation.

Additional evidence has been presented in certain other claims suspended, which is now under consideration. Evidence in other cases will no doubt be presented. The settlement of these claims has been prompt, and now is nearly concluded.

Judging from the results of previous examinations and decisions had of suspended claims, &c., it is estimated that \$55,000 will be needed for the final extinguishment of the indebtedness involved.

It is recommended, therefore, that Congress be asked to appropriate this amount accordingly.

J. M. BRODHEAD,
Comptroller.

Hon. W. W. BELKNAP,
Secretary of War.

To the Senate and House of Representatives in Congress assembled :

Your memorialists respectfully represents that the accounting officers of the Treasury Department have found due him, and have made allowance, the sum of ten hundred and forty-three dollars and ninety-one cents, and that payment thereof cannot be made to your petitioner without an appropriation of this said amount. Your petitioner therefore humbly prays the appropriation of this said amount, to enable the Secretary of the Treasury to pay your petitioner.

ROBERT S. LACEY.

WASHINGTON, D. C., *February 17, 1875.*

SIR: I have the honor to request you to offer the accompanying bill in my behalf, for reference to the Committee on Appropriations.

I was an officer in the Freedmen's Bureau, and the Secretary of the Treasury rules that the amount allowed me requires approval of the Secretary of War prior to transmittal to your committee. This approval will not be given, as the Second Comptroller decided me entitled as against adverse decision of the Secretary of War, and the latter refuses to acknowledge the right of accounting officers to allow claims after rejection by him ; hence I am compelled to appeal to Congress for relief. The laws of 1866 and 1868 clearly entitle ex-volunteer officers to full pay of prior rank. The arbiters of our laws in the Treasury have so decided, (see accompanying letter of Third Auditor,) and as an act of simple justice I appeal through you for relief.

Very respectfully,

R. S. LACEY.

Hon. JAMES A. GARFIELD, M. C.

Be it enacted by the Senate and House of Representatives in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed, to pay out of any money in the Treasury not otherwise appropriated, to Robert S. Lacey, late captain and assistant quartermaster of volunteers, the sum of ten hundred and forty-three dollars and ninety-one cents, being the amount allowed him by the Second Comptroller and certified to the Secretary of the Treasury by the Third Auditor, upon his claim for arrears of pay while on duty and prior to final discharge.

TREASURY DEPARTMENT, THIRD AUDITOR'S OFFICE,
Washington, D. C., December 9, 1874.

SIR: I have to inform you that the Second Comptroller of the Treasury has decided that the fifth section of the act making appropriations for the legislative, executive, and judicial expenses of the Government, approved June 20, 1874, necessitates the covering in of all balances that have stood on the books of the Department for two fiscal years, out of which quartermaster's and commissary claims arising prior to July, 1872, could be paid, except accounts and payments in fulfillment of contracts existing at the date of the passage of the said act. The contract referred to in the said exception, he has defined to be "a written instrument in legal form properly executed, in process of completion, but not yet completed by the fulfillment of its stipulations on the part of either or both of the contracting parties."

There is, therefore, no money now available for the payment of the claim in favor of R. S. Lacey, for ———. It has been reported to the Second Comptroller, however, allowed by him, and the amount found due, \$1,043.91, will be certified to the Secretary of the Treasury, that he may transmit the same to Congress for consideration and action.

ALLAN RUTHERFORD,
Third Auditor.

R. S. LACEY, Esq.,
District of Columbia.

UNITED STATES COAST-SURVEY OFFICE,
Washington, February 23, 1875.

DEAR SIR: I inclose, for your information, a memorandum containing reasons for, and showing the need of, the item of \$4,000 in the deficiency bill, to provide for important purposes in regard to the United States standard weights and measures.

Yours, truly,

C. P. PATTERSON,
Superintendent United States Coast-Survey and Weights and Measures.

HON. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

MEMORANDUM.

No appropriation having been made for the current fiscal year for the "construction and verification of the standard weights and measures for the custom-houses of the United States and of metric standards for the States," for which \$10,000 were estimated, it became necessary to provide for a portion of the contemplated expenditure in the deficiency bill. The necessity for such appropriation arises from the following causes:

First. We have on hand valuable apparatus for the construction and verification of standards, as well as a large number of standards of length, weight, and capacity in course of construction, under existing laws and previous appropriations, which require fire-proof storage, the annual rent of which cannot be estimated at less than \$1,000.

Secondly. There are calls pending from the States of Indiana and Illinois for standards and balances heretofore authorized by law to be furnished to each State.

The standards have long since been constructed, but have not heretofore been called for, on account of the want of proper provision for their safe-keeping and use on the part of those States. The same is true of several other States.

Before delivery these standards require their last finish, verification, and packing.

In addition to this, there are frequent calls from the Treasury Department for the verification of gauges and other standards used in the custom-houses.

On these accounts a sum not less than \$500 is absolutely requisite.

In addition to the foregoing, the sum of \$2,500 is pressingly needed to pay for new standards of platinum (namely, two meters and one kilogram) constructed under the direction of the international commission on standards, to which the United States are a party by President Grant's commission to Professor Henry of the Smithsonian Institution, and J. E. Hilgard of the Coast Survey, as delegates.

This obligation, which is not in the nature of a contract, is, nevertheless, one which international comity requires to be met, and directly arises from the act of Congress legalizing the use of the metric system of weights and measures in the United States.

Since the date of that act in 1866, by the invitation of France and the concurrent action of all civilized nations, the revision of the standard of length has been determined upon. It has therefore become necessary, in order to carry out the joint resolu-

tion of July 27, 1866, directing the Secretary of the Treasury to furnish one set of metric standards to each of the States, that authentic copies of the international standards be procured.

Accordingly, the aforesaid commission was notified, through the Department of State and the French government, that the Treasury Department desired to have two meters (one line-measure and one end-measure) and one kilogram of the new standards.

The estimate for the current year included the estimated cost of these standards, and the omission to provide for their purchase places the Department in an embarrassing situation. The estimated expense, \$2,500, namely, \$1,000 for each meter and \$500 for the kilogram, represents only the value of the metals employed in their construction, no charge whatever being made for the laborious operations of shaping, adjustment, and verification.

It will be impossible to obtain these important standards of comparison at some future time, as the costly chemical and mechanical operations cannot be repeated for a small number of measures.

The following item, to be inserted in the deficiency bill for the current year, is therefore respectfully submitted:

"For construction and verification of standard weights and measures for the United States custom-house, and of United States standards for the several States, and for the purchase of a set of international metric standards, four thousand dollars."

WAR DEPARTMENT,
Washington City, December 3, 1874.

SIR: I have the honor to send herewith an estimate of additional appropriation for the subsistence of the Army, required for the current fiscal year. The Army appropriation act, approved June 16, 1874, provided rations for an estimated force of thirty thousand men, all told; but there were in service, actually entitled by law and regulations to draw rations, an average of 2,857 persons in excess of the thirty thousand, for the last six months. This excess was made up of enlisted men, laundresses, quartermaster's employes, Indian scouts, acting assistant surgeons, and various civilian employes. This appropriation is required to make up the deficiency which will be inevitable before the close of the fiscal year.

Very respectfully, your obedient servant,

WM. W. BELKNAP,
Secretary of War.

To the CHAIRMAN *Committee on Appropriations, House of Representatives.*

Estimates of appropriations required for the service of the fiscal year ending June 30, 1875, by the Subsistence Department, United States Army.

General object. (Title of appropriation.)	Detailed objects of expenditure and explanations.	Date of acts, resolutions, or treaties authorizing or providing for the expenditures.	References to Statutes at Large.			Estimated amount which will be required for each detailed object of expenditure.	Total amount to be appropriated under each head of appropriation.	Amount appropriated for the current fiscal year ending June 30, 1875.
			Vol.	Page.	Sec.			
Subsistence of the Army.	For subsistence of regular troops, Indian scouts, women to companies, &c., enumerated in Book of Estimates for 1874-'75, page 67: Enlisted men, laundresses, quartermasters' employes, Indian scouts, acting assistant surgeons, estimated at 30,000, for which was appropriated	June 16, 1873 Pam. ed.	72	1				\$2,409,000 00
	On July 1, 1874, there was an excess of							
	On August 1, 1874, there was an excess of							
	On September 1, 1874, there was an excess of							
	On October 1, 1874, there was an excess of							
	On November 1, 1874, there was an excess of							
	14,285 divided by 5 shows an average of 2,857 during the five months mentioned; 2,857 rations per day, for 153 days, at 23 cents per ration, amount to							
	Probable amount required to replace condemned supplies sold at auction, (the proceeds of which are required to be covered into the Treasury by section 5 of the legislative, judicial, and executive appropriation act of May 8, 1872)					\$100,537 83		
						50,000 00	\$150,537 83	

A. E. SHIRAS, Commissary-General Subsistence.

OFFICE COMMISSARY GENERAL SUBSISTENCE, December 2, 1874.

HOUSE OF REPRESENTATIVES,
Washington, D. C., December 8, 1874.

SIR: I respectfully call your attention to the fact that in the deficiency bill of last session two items, recommended by the honorable Secretary of the Treasury in his letter of March 17, 1874, (herewith inclosed,) were overlooked and left out on the final passage of the bill, viz: one item of \$135.85 and one of \$677.61, both for stationery furnished the respective legislatures of Dakota and Wyoming by A. W. H. Jones, of Chicago, Ill.

Mr. Jones was formerly a heavy stationery dealer of that city, but lost nearly all in the "great fire," and he feels the need of what is so justly due him from the United States. I respectfully ask that the two items may be inserted in the deficiency bill of the present session of Congress.

Most respectfully,

M. K. ARMSTRONG,
Delegate in Congress.

Hon. JAMES A. GARFIELD,
Chairman Appropriation Committee, House of Representatives.

TREASURY DEPARTMENT, FIRST COMPTROLLER'S OFFICE,
Washington, D. C., December 16, 1874.

E. J. CURTIS, Esq.,
Secretary of Idaho Territory, Boise City.

SIR: The bill of Milton Kelly, for printing council journal, seventh session legislative assembly, has been measured, with the following result:

Total amount charged per bill.....	\$788 00
Allowed per measurement.....	711 88
Disallowed.....	76 12
Explanation of disallowance:	
Charged: Composition, 227 pages, at 1,269 ems = 289,000 ems.....	\$578 00
Allowed: Composition, 227 pages, at 1,269 ems = 288,063 ems.....	576 13
Difference disallowed.....	1 87
Charged: Press-work, 29 tokens, at \$2.....	\$58 00
Allowed: Press-work, 15 tokens, at \$2.....	30 00
	28 00
Charged: Binding, folding, &c., 250 copies, at 25 cents.....	62 50
Allowed: Binding, folding, &c., 250 copies, at 15 cents.....	37 50
	25 00
Charged: 2½ quires of paper, for covers.....	5 00
Allowed: 2½ quires of paper, for covers.....	3 75
	1 25
Charged: 4 reams of paper for books, at \$20.....	80 00
Allowed: 4 reams of paper, for books, at \$15.....	60 00
	20 00
Total.....	76 12

The total amount allowed you for printing for the seventh session, legislative assembly, is as follows:

Miscellaneous printing.....	\$626 00	Credit given per report 188,278..	\$600 00
Printing the laws.....	477 50	Credit given per report 192,488..	477 50
House journal.....	717 00	Credit given per report 194,899..	717 00
Council journal.....	711 88	Credit given per report 192,488..	48 50
		Credit given per report 194,899..	150 45
	2,532 38		1,993 45

Your account for legislative expenses for the fiscal year 1873 having been certified, per report No. 194,899 as balanced, it is evident that the amount of \$538.93, still due the printer, as shown by the above statement, can only be paid by a deficiency appropriation; and you are requested, if you have not done so already, to inform the Secretary of the Treasury of this deficiency, that he may take the proper steps to bring the matter before Congress.

Very respectfully,

R. W. TAYLER,
Comptroller.

TERRITORY OF IDAHO, *County of Ada, ss :*

Milton Kelly, being duly sworn, on oath says he is the person mentioned, and did the public printing as set forth in account of the First Comptroller of the Treasury hereto annexed, and that there is still due him for said work the amount therein stated, to wit, \$538.93, and no part of the same has been paid.

MILTON KELLY.

Sworn and subscribed before me this 28th day of December, 1874.

W. C. WHITSON,
Associate Justice Supreme Court, Idaho Territory.

DEPARTMENT OF JUSTICE,
Washington, February 11, 1875.

SIR: I have the honor to acknowledge the receipt of your letter of the 10th instant, asking me to inform the committee of the amount paid to United States supervisors at the congressional election held in the city of Philadelphia in November last, and also the amount claimed to be due and unpaid according to the affidavits filed by the said supervisors.

In reply I have to inform you that the marshal made requisition upon this Department for \$60,330 to pay 1,272 supervisors and six deputy marshals, for periods ranging from four to ten days. The marshal was advanced the sum of \$38,115 for 1,244 supervisors and six deputy marshals for six days' services, twenty-three supervisors for five days' services, and five supervisors for four days' services. The balance which they claim is the difference between the amount for which the marshal made requisition and the amount I advanced, namely, \$22,155.

Very respectfully, your obedient servant,

GEO. H. WILLIAMS,
Attorney-General.

Hon. J. A. GARFIELD,

Chairman of the Committee on Appropriations, House of Representatives.

DEPARTMENT OF JUSTICE,
Washington, February 23, 1875.

SIR: I herewith return the papers left by you with me this morning in reference to the claim of the heirs of A. F. Reynolds.

I am satisfied, from all the information I can obtain upon the subject, that the claim is a just one and ought to be paid; but as there is no appropriation now under the control of this Department which can be applied to that purpose, I have to request that the Committee on Appropriations will insert in the deficiency bill a clause providing for its payment.

Very respectfully, your obedient servant,

GEO. H. WILLIAMS,
Attorney-General.

Hon. FRANKLIN CORWIN,

House of Representatives.

OFFICE OF THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, D. C., December 9, 1874.

GENTLEMEN: The Commissioners of the District of Columbia beg to recommend legislation for the following purposes:

First. Authority to increase the compensation of George W. Beall, deputy comptroller, from July 16, 1874, to December 1, 1874, so that his salary during that time shall be at the rate of \$2,500 per annum.

Second. Authority to increase the compensation of B. Oertly, assistant engineer, from July 7, 1874, to December 1, 1874, so that his salary during that time shall be at the rate of \$3,000 per annum.

In explanation of this recommendation, we have to say that these officers were regarded as indispensable for the discharge of the duties peculiar to their offices, and their services could be procured only on the assurance of the commissioners that they would recommend that authority be given them to increase the salary of each, as indicated in the foregoing recommendation.

The commissioners further recommend that authority be given them to increase the

salaries of the following-named officers, as indicated by the sum annexed respectively, as follows: Secretary, \$2,500 per annum, commencing December 1, 1874; present salary, \$1,920. Chief clerk engineer's office, \$2,200 per annum, commencing December 1, 1874; present salary, \$1,760. Assistant attorney, \$2,000 per annum, commencing December 1, 1874; present salary, \$1,200. Cashier collector's office, \$2,000 per annum, commencing December 1, 1874; present salary, \$1,440. Principal book-keeper comptroller's office, \$1,800 per annum, commencing December 1, 1874; present salary, \$1,440. Auditor, \$3,000 per annum, commencing December 1, 1874; present salary, \$2,400. Assistant engineer, \$3,000 per annum, commencing December 1, 1874; present salary, \$1,800. Deputy comptroller, \$2,500 per annum, commencing December 1, 1874; present salary, \$1,600.

These recommendations are made because of the importance of the services and the responsibilities attached to the several offices named.

Accompanying this communication will be found a statement from W. W. Curtiss, esq., president of the board of trustees of public schools, relating to the new school-building in Georgetown. From a careful consideration of the subject-matter of the same, the commissioners do not hesitate to recommend the appropriation asked for therein also, viz, \$86,865. We inclose extracts of laws relating to colored schools, and the school-house in Georgetown.

Very respectfully,

W. DENNISON,
HENRY T. BLOW,
J. H. KETCHAM,
Commissioners District of Columbia.

To the COMMITTEE ON APPROPRIATIONS,
House of Representatives.

OFFICE OF THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, D. C., January 19, 1875.

DEAR SIR: The Commissioners of the District hand you herewith a communication addressed to them by the auditor of the District, showing the amount of \$46,202.70 paid by them from the treasury of the District, which we respectfully ask Congress to refund to the District.

Very respectfully,

W. DENNISON,
J. H. KETCHAM,
S. L. PHELPS,
Commissioners District of Columbia.

Hon. J. A. GARFIELD,
*Chairman Committee on Appropriations,
House of Representatives United States.*

AUDITOR'S OFFICE, DISTRICT OF COLUMBIA,
Washington, January 19, 1875.

GENTLEMEN: In reply to your inquiry I have the honor to inform you that the records of this office show that there has been audited and paid—

On account of salaries of the Commissioners of the District of Columbia to January 1, 1875	\$7,528 66
On account of salaries of assistant engineers to January 1, 1875	1,736 16
On account of expenses of the board of audit, including salaries of the clerks, &c., to January 1, 1875	25,486 63
On account of printing and trimming 3.65 bonds, act June 20	11,451 25

Total amount audited and paid as above

The salaries of the members of the board of audit are not included in the above sum.

Very respectfully,

JOHN T. VINSON,
Auditor District of Columbia.

OFFICE OF THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, D. C., January 19, 1875.

GENTLEMEN: I have the honor to transmit herewith a list of claims for services rendered to the late District government and board of public works, amounting to

\$28,619.68, for the payment of which I think some provision ought to be made. The appointments in the majority of the cases under which these services were rendered were, in my opinion, irregular, and in others, although the appointments were regular, the services were extended beyond the time limited by law, and for these reasons I did not consider I was authorized to audit the claims. In all of these cases, however, it appears the services were actually rendered in good faith; that the rate of compensation charged for the services is reasonable and just, and believing that the proper conduct of the public business required their services, I make the present recommendation.

In addition to these claims, there have been filed in this office other claims, principally for extra services rendered, amounting to \$14,406.76, which I submit with the several vouchers therefor without recommendation, for such action as you may think proper.

The records of this office show there are audited bills of the fire department for the years 1871 and 1872, on which 50 per cent. has been paid, leaving a balance unpaid of

of	\$5,913 16
Also unaudited bills of the fire department for 1872, 1873, and 1874, prior to June 30, 1874, on which nothing has been paid	3,120 01

Total deficiency in fire department.....	9,033 17
--	----------

for the payment of which provision should be made.

The legislative assembly of the District of Columbia appropriated by act approved June 26, 1873, for the board of health, the sum of	\$25,000 00
--	-------------

Of this sum there has been audited and paid.....	11,687 29
--	-----------

Leaving balance unpaid	13,312 71
------------------------------	-----------

The board of health are asking for the payment of this balance to enable them to discharge liabilities incurred by them during the prevalence of the small-pox, on the faith of this appropriation. Some provision ought, in my judgment, be made for its payment.

The estimated expenditures for the board of audit from January 1, 1875, to June 30, 1875, including salaries of the members, clerks, &c., are \$25,000, which sum was not included in the commissioners' estimate of expenses for the fiscal year ending June 30, 1875. This amount will also have to be provided for.

The salaries of the assistant engineers from January 1, 1875, to June 30, 1875, will amount to \$1,800.

The total amount for which it is recommended that congressional appropriation be asked (as above) is \$77,765.56.

Very respectfully,

JOHN T. VINSON,
Auditor District Columbia.

Hon. COMMISSIONERS OF THE DISTRICT OF COLUMBIA.

Copy:

WM. TINDALL,
Secretary to the Commissioners District Columbia.

FEBRUARY 4, 1875.

OFFICE OF THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, D. C., January 19, 1875.

DEAR SIR: The commissioners of the District hand you herewith a communication addressed to them by the auditor of the District, to which they respectfully invite your attention, in the hope that your committee will recommend to Congress the making the appropriation of \$77,765.86, for the purposes set forth in said communication.

Very respectfully,

W. DENNISON,
J. H. KETCHAM,
S. L. PHELPS,
Commissioners D. C.

Hon. J. A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives U. S.

Official copy:

WM. TINDALL,
Secretary,

OFFICE OF THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, D. C., January 20, 1875.

DEAR SIR: In submitting to your committee this morning the original letter of the auditor, of which the inclosed is a copy, the fact had escaped me that the act of June

29, 1874, requires the District to pay for the engraving and printing of the 3.65 bonds, covering the item of \$11,451.25. While the commissioners, therefore, cannot ask for the refunding of the amount because no appropriation had been made by Congress, they will be very glad to have an appropriation for the same, if your committee shall feel authorized to recommend it.

Very respectfully,

W. DENNISON,
Commissioner.

Hon. J. A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives, U. S.

WASHINGTON, D. C., September 16, 1874.

GENTLEMEN: Herewith please find bills for services rendered by myself and Messrs. F. H. Johnson, John A. Hurley, and George T. Howard to the District of Columbia on account of attendance upon the Joint Select Committee to Investigate the Affairs of the District. I was clerk under the late board of public works, as also were my associates above named, at the time the services charged for were rendered, and the claim for extra services is based upon the following grounds, viz: We were placed in charge of the contracts and vouchers of the board of public works during the late investigation, by order of the governor of the District and under the direction of the committee aforesaid; our duties combined those of clerks, messengers, and watchmen, and required us to be in attendance upon the committee-room for the production of papers, &c., at all hours of the day, whether the committee was in session or not. We were therefore on duty every day, Sundays included. There were always two of the four parties named on duty each night—sleeping in the committee-room with the vouchers, &c.—in such reliefs as were mutually arranged. The confinement and night-duty, as well as the unusual and irksome number of hours that we were daily upon duty, in addition to performing our legitimate daily services, justly entitle us, we think, to the reasonable rate of payment asked for, and we respectfully request that you will approve of the bills submitted, and direct the comptroller of the District to pay the same.

I am, gentlemen, very respectfully, your obedient servant,

THOMAS S. BURR.

To the honorable COMMISSIONERS OF THE DISTRICT OF COLUMBIA.

SEPTEMBER 17, 1874.

Respectfully referred to the auditor District of Columbia.

By order of the commissioners:

WM. TINDALL,
Secretary.

SEPTEMBER 17, 1874.

I know of no law authorizing the payment of the within claims by the commissioners.

JOHN T. VINSON,
Auditor District of Columbia.

OCTOBER 3, 1874.

Respectfully referred to the assistant attorney District of Columbia for report.

By order:

WM. TINDALL,
Secretary.

OCTOBER 5, 1874.

Respectfully returned. This claim is of an equitable not a legal character. In the absence of any law or appropriation, the only course for the commissioners is reference to the board of audit.

W. BIRNEY,
Assistant Attorney.

The District of Columbia to F. H. Johnson, Dr.

1874

Sept. 15. For services, viz: For attendance upon the Joint Select Committee to Investigate the Affairs of the District of Columbia, pursuant to the order of said committee, attached herewith, from March 4, 1874, to May 27, 1874, inclusive, being eighty-five (85) days, at the rate of \$100 per month \$283 33

I certify that the foregoing account is correct and just, that the services were rendered as stated under my direction as governor of the District of Columbia, and in accordance with the order of the committee above specified.

ALEX. R. SHEPHERD.

BOARD OF AUDIT, *November 27, 1874.*

If anything be due to this claimant, it is due him as an employé of the board of public works, and is therefore payable by the commissioners.

R. W. TAYLER, *First Comptroller.*

J. M. BRODHEAD, *Second Comptroller.*

NOVEMBER 28, 1874.

Respectfully referred to the auditor District Columbia.

By order:

WM. TINDALL, *Sec'y.*

The District of Columbia to John A. Hurley, Dr.

1874.

Sept. 15. For services, viz: For attendance upon the Joint Select Committee to Investigate the Affairs of the District of Columbia, pursuant to the order of said committee, attached herewith, from March 4, 1874, to May 27, 1874, inclusive, being eighty-five (85) days, at the rate of \$100 per month \$283 33

I certify that the foregoing account is correct and just; that the services were rendered as stated, under my direction as governor of the District of Columbia, and in accordance with the order of the committee above specified.

ALEX. R. SHEPHERD.

The District of Columbia to George T. Howard, Dr.

1874.

Sept. 15. For services, viz: For attendance upon the Joint Select Committee to Investigate the Affairs of the District of Columbia, pursuant to the order of said committee, attached herewith, from March 4, 1874, to May 27, 1874, inclusive, being eighty-five (85) days, at the rate of \$100 per month \$283 33

I certify that the foregoing account is correct and just; that the services were rendered as stated, under my direction as governor of the District of Columbia, and in accordance with the order of the committee above specified.

ALEX. R. SHEPHERD.

BOARD OF AUDIT, *November 27, 1874.*

If anything be due to this claimant, it is due him as an employé of the board of public works, and is therefore payable by the commissioners.

R. W. TAYLER, *First Comptroller.*

J. M. BRODHEAD, *Second Comptroller.*

NOVEMBER 28, 1874.

Respectfully referred to the auditor District Columbia.

By order:

WM. TINDALL, *Secretary.*

EXECUTIVE OFFICE, DISTRICT OF COLUMBIA,
Washington, February 28, 1874.

SIR: I have the honor to transmit to you answers to the "series of inquiries" inclosed to me on the 13th instant, together with the original contracts made by the

board of public works, numbering 1,032, as well as the original measurements and vouchers, numbering 10,537.

I would respectfully request that the vouchers and contracts, being original papers, and covering the expenditure of a large amount of money, should be either placed in charge of some officer of the board or be receipted for by yourself, as chairman of the committee into whose custody they will pass.

I shall be happy to furnish any further information required.

The delay in the transmittal of this reply is accounted for by the amount of labor required in its preparation.

Very respectfully, your obedient servant,

ALEX. R. SHEPHERD,
Governor of the District of Columbia.

Hon. GEORGE S. BOUTWELL,
Chairman.

Question. What was the indebtedness of Washington City when the present government came into existence, to wit: February 21, 1871, and how evidenced?

Debt of the late corporation of Washington City, existing May 31, 1871.

Floating debt, ascertained by the auditing commission appointed under the authority of the act of the legislative assembly, approved June 16, 1871, (Laws D. C., pages 7 and 8, first legislative session,) paid by the commissioners of the sinking-fund, as per their statement, (interest included)	\$674,107 74
Certificates for paving Pennsylvania, Louisiana, and Indiana avenues, approved by the auditing commission and paid by the commissioners of the sinking-fund	200,406 71
Certificates for the improvement of the canal, approved by the auditing commission and paid by the commissioners of the sinking-fund.....	93,599 25
Judgments, costs of suits, outstanding warrants, and sundry claims other than those approved by the auditing commission, paid by the commissioners of the sinking-fund	120,718 95

WASHINGTON, D. C., *October 7, 1874.*

GENTLEMEN: Herewith please find bills for services rendered by myself and Messrs. Thomas S. Burr, John A. Hurley, and George T. Howard to the District of Columbia, on account of attendance upon the late joint select committee to investigate the affairs of the District. The services referred to were rendered pursuant to the order of the governor of the District and the committee aforesaid, as will more fully appear by reference to the inclosures submitted herewith.

Very respectfully, your obedient servant,

F. H. JOHNSON.

The honorable BOARD OF AUDIT OF THE DISTRICT OF COLUMBIA.

AUDITOR'S OFFICE, *December 7, 1874.*

The within claims are, at the special instance of the parties, respectfully referred for the opinion of the attorney. The parties were borne upon the rolls as clerks of the board of public works during the same time, and have received their pay. This claim is for work after office-hours.

J. T. VINSON,
Auditor District of Columbia.

JANUARY 18, 1875.

I recommend that these cases be included among these submitted for congressional appropriation. The services herein charged were required in order to facilitate congressional investigation into the affairs of the District.

EDWIN L. STANTON,
Attorney for the District.

The District of Columbia to Thomas S. Burr, Dr.

September 15, 1874. For services, viz: For attendance upon the joint select committee to investigate the affairs of the District of Columbia, pursuant to the order of said committee attached herewith, from March 4, 1874, to May 27, 1874, inclusive, being eighty-five (85) days, at the rate of \$100 per month	\$283 33
Total	283 33

certify that the foregoing account is correct and just, that the services were rendered as stated, under my direction as governor of the District of Columbia, and in accordance with the order of the committee above specified.

ALEX. R. SHEPHERD.

BOARD OF AUDIT, *November 27, 1874.*

If anything be due to this claimant, it is due him as an employé of the board of public works, and is therefore payable by the commissioners.

R. W. TAYLER,
First Comptroller.
J. M. BRODHEAD,
Second Comptroller.

NOVEMBER 28, 1874

Respectfully referred to the auditor District Columbia.
By order :

WM. TINDALL,
Secretary.

DEAR SIR: General Chipman presented in the House and had referred the papers I showed you yesterday, and this morning introduced me to General Garfield, to whom I stated my case, including the substance of our conversation yesterday. General Garfield said that if I would procure the approval of the members of the committee, or the respective chairmen, that that would be evidence of a character that his committee would consider sufficient, and act upon at once. I have, therefore, temporarily withdrawn the papers to secure the approval suggested, either upon the face of the bills or by separate letter, and respectfully ask your favorable action in this direction. With your approval, we succeed; without it, we fail. I saw Mr. Hubbell this morning, and he is, and will be, in our favor.

Respectfully, yours,

F. H. JOHNSON.

Communication from F. H. Johnson, indorsed by Senators Allison, Thurman, and others.

I think these young men, in some way, ought to have additional compensation.

W. B. ALLISON.

I fully concur in the above.

JAY A. HUBBELL,
LYMAN K. BASS.

I concur.

A. G. THURMAN,
ROBT. HAMILTON.

To Thomas S. Burr, F. H. Johnson, George T. Howard, and John A. Hurley, each the sum of one hundred and twenty dollars, in full of compensation for services rendered by them in the investigation into the affairs of the District of Columbia.

Report of Mr. Wilson, of Indiana, in the matter of application of Johnson et al., referred to him by Committee on Appropriations, and Mr. Lyman K. Bass.

DISTRICT OF COLUMBIA, BOARD OF HEALTH,
Washington, D. C., February 11, 1875.

GENTLEMEN: In reply to your communication of the 10th instant, inclosing official copy of preamble and resolutions passed by the House of Representatives February 6, 1875, relating to the nonpayment by the board of health of claims for clothing, &c., destroyed by its order during the epidemic of small-pox in 1872-'73, we have the honor to state that clothing, bedding, &c., of a textile nature was removed from premises, and either used in small-pox hospitals or destroyed by order of the board during the prevalence of small-pox, aggregating in value, as per certificates of its officers on file, the sum of \$8,727.34, and that claims have been presented on account of said destruction aggregating \$5,393.04, ranging in sums from \$1.50 to \$150, averaging \$16.54 per claim.

The property was destroyed to prevent the spread of the disease, under the provisions of an act of the legislative assembly entitled "An act for the prevention of diseases in the District of Columbia, approved June 10, 1872," which act provided "That in the

event of the bedding, clothing, or furniture of *poor persons*, they should be reasonably compensated for the loss of the same out of any moneys in the treasury of the board of health not otherwise appropriated." At the time of the passage of the act there were no funds in the treasury of the board of health.

At the opening of the session of the assembly in 1873, the board submitted thereto estimate of the amount required to satisfy "poor persons" for the destruction of their property, but no special appropriation was made for the purpose, but the sum of \$25,000 was appropriated for "sanitary purposes in the District," with the understanding that these claims should be paid therefrom. Owing to failure of revenue, only a portion of that appropriation has been paid to the board, leaving a balance of \$13,312.71 still due, for which requisition was made and forwarded to you July 25, 1874, but which has not been paid, for reasons set forth in the opinions of Mr. Stanton and Mr. Birney, your attorneys; copy of each herewith. As this duty was imposed upon the board by the legislative assembly, it has been held that any sums found due claimants should be paid from funds appropriated by said body; and that no authority has ever been conferred by Congress for payment of such claims from funds appropriated by it for sanitary purposes; nor was ever any estimate presented to Congress for this item of expense, although it is true that, owing to the extraordinary expenses necessarily incurred by the board during the small-pox epidemic, we were compelled to ask Congress for an appropriation to meet deficiencies. We transmit herewith a copy of the report of the special committee of this board especially charged with the duty of examining the claims presented, which report embodies a definition of the term "poor persons" as used in the act referred to, and a recommendation as to whom payment should be made, which report was unanimously adopted by the board at its meeting of October 23, 1874.

Although we are of opinion that payment should be made for all property destroyed, without regard to the pecuniary condition of claimants, and we are ready and anxious to pay these claimants the amount found to be due them whenever the money for that purpose is placed at our disposal. Great care has been exercised in the preparation of the claims, which have invariably been made on the blank form prescribed by the board; copy herewith.

Hoping this statement of facts will be acceptable to yourselves and the honorable committee of Congress, we remain, very respectfully, your obedient servants,

C. C. COX,
JOHN MARBURY, JR.,
JOHN M. LANGSTON,
T. S. VERDI,
D. W. BLISS,

Board of Health.

Hon. COMMISSIONERS,
District of Columbia:

A true copy:
D. S. JONES, *Chief Clerk.*

DEAR SIR: Referring to letter addressed to you by the honorable commissioners of the District February 12, 1875, pp. 15 and 16 of your report, accompanying bill H. R. 4729, I have the honor to inform you that the sum of \$13,312.71, for which the commissioners ask an appropriation by Congress "For board of health (deficiency of appropriated for infected clothing destroyed by its orders,)" is the amount due the board from appropriation by the legislative assembly act of June 26, 1873, which act appropriated \$25,000 to defray the expenses of the board for the fiscal year ending September 30, 1874, of which appropriation the sum of \$11,687.29 has been paid to the board, leaving a balance due of \$13,312.71, from which amount there is due sundry creditors of the board, for work performed and material furnished during said year, various sums aggregating \$8,439.68, leaving a balance of \$4,873.03 for payment of claims of "poor persons" for infected clothing destroyed during the small-pox epidemic, which amount it is believed will be ample for that purpose, as the aggregate of claims allowed by the board to the present time is something less than \$3,000. From the foregoing facts it will be seen that the board did not create a deficiency and that the expenses were only incurred after an appropriation had been duly made. I send with this copies of communications heretofore addressed to the board to the honorable commissioners of the District relative to this matter, and we have respectfully to ask that the board of health may not be held responsible by Congress for the failure of the revenues of the District and the non-payment of these claims, and that the appropriation will be so made as to enable us to discharge the indebtedness specified herein.

Very respectfully, your obedient servant,

D. W. BLISS, *Secretary.*

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

DISTRICT OF COLUMBIA, BOARD OF HEALTH,
Washington, D. C., October 7, 1874.

GENTLEMEN: In reply to letter of Mr. Redmon, referred to this office by you on the 5th instant, I am directed to inform you that Mr. Redmon has made a claim against the board of health for \$91 for clothing destroyed during the small-pox epidemic. The officer of the board who took the articles certifies that the full value of the same was \$28.50. The articles were destroyed under the provisions of section two of an act "for the prevention of diseases," &c., approved June 19, 1872. The estimate of amount of funds required to compensate "poor persons" for property destroyed under the provisions of said act was presented by the board to the legislative assembly at the opening of the session of 1873, at which session an appropriation of \$25,000 was made for the expenses of this board out of which these claims were to be paid. There is due the board from that appropriation \$13,312.71, for which requisition was made on the commissioners, July 25, 1874, which requisition has not been approved.

It is estimated that \$5,000 will be required to pay claimants under that act, and there are no moneys from which these "poor persons" can legally be paid, (over which the board has any control,) other than from the \$25,000 appropriated by the legislative assembly, act of June 26, 1873.

The board is ready and willing to pay these claims whenever the money for that purpose is placed at its disposal.

I have the honor to be, very respectfully,

D. W. BLISS, M. D.,
Secretary.

A true copy:
D. S. JONES,
Chief Clerk.

Hon. COMMISSIONERS,
District of Columbia.

The communication of Mr. Redmon is herewith returned.

POST-OFFICE DEPARTMENT,
Washington, D. C., January 21, 1875.

SIR: Herewith I submit the drafts of four (4) sections, which I would be pleased to have included in the deficiency bill for this Department, now under consideration by the Committee on Appropriations.

Very respectfully,

MARSHALL JEWELL,
Postmaster-General.

Hon. JAMES N. TYNER,
House of Representatives.

POST-OFFICE DEPARTMENT,
Washington, D. C., January , 1875.

SIR: I have the honor to submit herewith an estimate of the amount required to meet deficiencies in the appropriations for contingent expenses of the Post-Office Department for the current fiscal year, an appropriation for which is rendered necessary by the unexpected growth of the service, which could not be foreseen at the time the estimates were originally prepared; and to ask that provision for the same be made in the general deficiency bill now being considered by your committee.

I am, sir, respectfully, &c.,

MARSHALL JEWELL,
Postmaster-General.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

Estimate of amounts required to meet deficiencies in the appropriations for contingent expenses of the Post-Office Department for the fiscal year ending June 30, 1875.

Item.	Amount required.	Remarks.
Gas.....	\$2,000 00	The business of the Department has increased so much that many of the clerks are compelled to work after office hours and at night, thus increasing the consumption of gas.
Telegraphing.....	1,600 00	The increase in the business has rendered necessary the increase in this item.
Fuel.....	800 00	The improvements in the basement of the building now in progress have caused that part of it to be so much exposed, that an additional supply of wood is needed to make and keep it at all comfortable.
Miscellaneous items....	2,000 00	This item embraces such articles as lumber, hardware, &c., for repairs, washing towels, soap, brushes, brooms, desk-covers, awnings, oil, &c.
Force-pumps and fixtures.	700 00	These pumps are absolutely necessary in order to have a supply of water in the closets on the third floor of the building. The present supply is totally inadequate, and in consequence that part of the building is filled with noxious gases very deleterious to the health of the employes.
Total	7,100 00	

POST-OFFICE DEPARTMENT,
Washington, D. C., February 12, 1875.

SIR: I inclose herewith a report made to me by the disbursing-officer of this Department, which tells its own story, and indicates that an appropriation of \$17,000 is needed to enable this officer, who is a new appointee, to start fairly and squarely at the end of the present fiscal year. I most heartily recommend that the above-named amount be appropriated to supply this deficiency.

Very respectfully, yours,

MARSHALL JEWELL.

HON. JAMES N. TYNER,
House of Representatives.

POST-OFFICE DEPARTMENT,
OFFICE OF DISBURSING CLERK AND SUPERINTENDENT,
Washington, D. C., February 10, 1875.

SIR: I have the honor to report that, of the \$49,100 appropriated by Congress for the contingent expenses of the Post-Office Department for the fiscal year ending June 30, 1875, there was, on the 1st instant, but \$10,554.74 remaining unexpended, as is shown in the detailed statement accompanying this.

The contingent expenses of the Department being about \$5,500 per month, it will require for the remainder of the fiscal year, from February 1, for the indispensably necessary miscellaneous expenditures \$27,500 00
To meet this there is but a balance unexpended of this fund..... 10,554 74

Leaving a deficiency of..... 16,945 26

The books and accounts of this office show that there has been a deficiency in the contingent fund of about this amount annually for a number of years past, and that the disbursing clerks have been obliged, contrary to law, to permit the bills during the last quarter of each fiscal year to remain unpaid until after the beginning of the following year, and then pay the deficiency by drawing upon the appropriation for contingent expenses not intended for the year in which it was thus expended.

I desire to avoid this, and to be enabled to conduct the business of this office in strict conformity to law, and still meet the needful requirements of the Department.

I therefore most respectfully and urgently ask you to recommend to the Appropriation Committees of Congress the passage of a deficiency bill of \$17,000 for the contingent fund of this Department for the fiscal year ending June 30, 1875.

The necessary expenses of the Department for the remainder of the present fiscal year cannot be met without violating the law of Congress on this subject unless this relief be allowed.

Yours, obediently,

J. O. P. BURNSIDE,
Superintendent and Disbursing Clerk Post-Office Department.

Hon. MARSHALL JEWELL,
Postmaster-General.

Contingent appropriation, 1875.

	Expended.	Appropriated.
Stationery	\$6, 114 31	\$9, 000 00
Fuel.....	6, 233 70	7, 400 00
Gas.....	3, 040 50	4, 500 00
Plumbing and gas-fixtures	2, 054 79	3, 000 00
Telegraphing.....	2, 595 04	3, 000 00
Painting.....	1, 975 32	2, 000 00
Carpets and furniture	5, 168 92	6, 500 00
Keeping horses, &c.....	612 88	1, 200 00
Hardware	302 57	800 00
Rent of house.....	2, 100 00	4, 200 00
Miscellaneous	8, 347 23	7, 500 00
	38, 545 26	49, 100 00
		38, 545 26

Balance unexpended..... 10, 554 74

I hereby certify that the above is the true balance unexpended February 1, 1875.

J. O. P. BURNSIDE,

Superintendent and Disbursing Officer Post-Office Department.

POST-OFFICE DEPARTMENT,

Washington, D. C., February 17, 1875.

SIR: By direction of the Postmaster-General, I inclose herewith a document which should have accompanied others sent you some time ago, but which was inadvertently mislaid.

Very respectfully, yours,

GEO. A. GUSTIN,

Private Secretary to the Postmaster-General.

Hon. JAMES M. TYNER,
House of Representatives.

POST-OFFICE DEPARTMENT, APPOINTMENT OFFICE,

Washington, D. C., January 16, 1875.

SIR: Section 84, of the act approved June 8, 1872, contains a proviso "that in cases of an extraordinary increase or decrease in the business of any post-office, the Postmaster-General may adjust the salary of the postmaster at such post-office, to take effect from the first day of the quarter or period, the returns for which form the basis of re-adjustment."

It appears by the records of the Department that a large number of postmasters were entitled to the benefits of the above-mentioned provision between the dates of July 1, 1873, and July 1, 1874, but, before this class of cases could be passed upon, the act of June 23, 1874, went into effect, changing the mode of paying salaries at the 4th and 5th class offices, thereby rendering further legislation necessary to enable the Department to adjust and settle such cases. It is estimated that an appropriation of at least \$300,000 will be needed for the payment of said postmasters.

Accompanying this is a *project* of law prepared by the assistant attorney-general for this Department, authorizing the Postmaster-General to adjust and pay as suggested.

Very respectfully, &c.,

J. W. MARSHALL,

First Assistant Postmaster-General.

Hon. MARSHALL JEWELL,
Postmaster-General.

POST-OFFICE DEPARTMENT,
OFFICE OF THIRD ASSISTANT POSTMASTER-GENERAL,
Washington, D. C., December 22, 1874.

SIR: I have the honor to make the following report, touching the matter of advertising, which shows that a large deficiency will exist at the close of the current fiscal year in the appropriation for that purpose:

Amount already paid.....	\$76,664 29
Amount unsettled where orders have been made fixing pay.....	47,912 91
Amount unsettled where orders do not fix pay, (estimated).....	33,500 00
Total paid or ordered paid.....	158,077 20
Amount appropriated.....	80,000 00
Deficit at present time.....	78,077 20

To the foregoing amount must be added the cost of advertising for stationery, letter-balances, paper, twine, and marking-stamps, bills for which have not yet come in, but estimated at \$2,500; also, the cost of advertising for office-envelopes, dead-letter envelopes, registered-package envelopes, which this Bureau will have to invite proposals for before the close of the year, estimated at \$15,000 more, making the total deficiency on the 30th of June, 1875, \$95,577.20. All of this advertising is required by law.

To meet this deficiency, I would suggest that Congress be asked to make an additional appropriation of the sum of \$95,000, which amount can, with economy, be made to cover the said deficiency.

Very respectfully, &c.,

E. W. BARBER,
Third Assistant Postmaster-General.

Hon. MARSHALL JEWELL,
Postmaster-General.

POST OFFICE DEPARTMENT,
Washington, D. C., December 23, 1874.

SIR: I respectfully call your attention to the inclosed communication from the Third Assistant Postmaster-General stating the amount already paid out of the appropriation for the advertising of this Department during the fiscal year ending June 30, 1875, the amount of unsettled claims against that appropriation, and the probable amount of further expenditure which will be required to be made before the close of the year, and showing the sum necessary to be appropriated to meet the deficiency.

As this advertising is absolutely required by law to be done, I recommend the appropriation of \$95,000 to cover the deficiency in the current fiscal year.

I am, sir, very respectfully,

MARSHALL JEWELL,
Postmaster-General.

Hon. J. A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

HEADQUARTERS MARINE CORPS, QUARTERMASTER'S OFFICE
Washington, D. C., January 25, 1875.

SIR: It is with reluctance that I inclose herewith an estimate to supply deficiencies, under the head of "contingencies Marine Corps," for the current fiscal year, but being now fully satisfied that, with all the economy possible, the amount appropriated is insufficient to meet the positive and necessary demands of the service, I but do my duty in presenting this estimate and asking for it favorable consideration.

The amount appropriated for contingencies fiscal year 1874-'75 was \$15,000, being \$10,000 less than had been appropriated for this purpose during the past 18 years.

Wishing to do the best I could with this amount, I apportioned it among the several marine posts, urging the necessity for the most rigid economy. This division was made on the 20th July, 1874, per letter from this office, (copy of which is inclosed,) and now that six months of the year have passed, the data that has been received, is sufficient to show that, notwithstanding extreme measures have been used to reduce expenses, a small deficiency must necessarily arise, and the sum of \$5,000 is now asked as the least amount necessary to meet it.

I am, sir, very respectfully, your obedient servant,

W. B. SLACK,
Quartermaster Marine Corps.

Hon. JAS. A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

Forwarded by authority of the honorable Secretary of the Navy.

W. B. SLACK,
Quartermaster Marine Corps.

[Circular.]

HEADQUARTERS MARINE CORPS, QUARTERMASTER'S OFFICE,
Washington, D. C., July 20, 1874.

SIR: The limited amount of money appropriated by Congress for "contingencies" Marine Corps for fiscal year ending June 30, 1875, renders it imperative that the most rigid economy be used in expenditures chargeable to that appropriation. After a thorough examination of all the contingent bills at the several posts and at the offices of the assistant quartermasters at New York and Philadelphia, which have been paid during the past fiscal year, it is found that the amount at the disposal of this office for present fiscal year, as compared with last, is less by about sixty per cent. Under such circumstances, it is believed best to apportion said amount to the several posts, so that commanding officers can see for themselves the exact sum that the quartermaster will be justified in authorizing to meet contingent expenses during present year. You are therefore informed that the sum of \$ per month has been allotted to the barracks at present under your command. I inclose a list of what constitutes the principal contingent expenses. It is deemed important that the present rule requiring requisitions upon the Quartermaster's Department before making purchases be continued, and that all accounts be submitted for payment as soon after they are made as it is possible to do so.

Very respectfully, your obedient servant,

W. B. SLACK,
Quartermaster Marine Corps.

Estimate of appropriations required to supply deficiencies, Quartermaster's Department, Marine Corps, for fiscal year ending June 30, 1875.

General object, (title of appropriation.)	Detailed objects of expenditure and explanations.	Total amount to be appropriated.	Amount appropriated for the current fiscal year ending June 30, 1875.
Contingencies	For freight, ferriage, toll, cartage, funeral expenses of marines, stationery, telegraphing, apprehension of deserters, straw for bedding for troops, oil, gas, candles, repair of gas and water fixtures, water-rent, packing-boxes, wrapping-paper, tools for police purposes, repair of stoves and heating-apparatus, &c., at marine barracks, Portsmouth, N. H.; Boston, Mass.; Brooklyn, N. Y.; Philadelphia, Pa.; Annapolis, Md.; Washington, D. C.; Norfolk, Va.; Pensacola, Fla.; Mare Island, Cal.; and clothing depots at Philadelphia, Pa., and Brooklyn, N. Y....	\$5,000	\$15,000

Respectfully submitted.

W. B. SLACK,
Quartermaster Marine Corps.

HEADQUARTERS MARINE CORPS, QUARTERMASTER'S OFFICE,
Washington, January 25, 1875.

DEPARTMENT OF THE INTERIOR,
Washington, D. C., January 15, 1875.

SIR: I have the honor to transmit herewith copy of a communication of yesterday from the Commissioner of the General Land-Office, requesting that the necessary steps be taken to have re-appropriated the sum of \$10,000 from the amount deposited under act of 20th June, 1874, to the credit of the surplus fund, as an unexpended balance of the appropriation for the payment of salaries and commissions of registers and receivers of United States land-offices, for the fiscal year ending 30th June, 1871; and to recommend that the request of the Commissioner be complied with.

Very respectfully, &c.,

C. DELANO,
Secretary.

HON. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

DEFICIENCY APPROPRIATION BILL.

DEPARTMENT OF THE INTERIOR, GENERAL LAND-OFFICE,
Washington, D. C., January 14, 1875.

SIR: With a view to closing the accounts of certain receivers of public moneys acting as disbursing agents, I have the honor to request that the necessary steps be taken to have re-appropriated the sum of \$10,000 from the amount deposited under act of 20th June, 1874, to the credit of the surplus fund, as an unexpended balance of the appropriation, packet of 15th June, 1870, for the payment of salaries and commissions of registers and receivers of United States land-offices for the fiscal year ending 30th June, 1871; the First Comptroller, in requesting the appropriation for that purpose, having failed to specify a sufficient amount.

I am, sir, very respectfully, your obedient servant,

S. S. BURDETT,
Commissioner.

Hon. COLUMBUS DELANO,
Secretary of the Interior.

DEPARTMENT OF THE INTERIOR, GENERAL LAND-OFFICE,
Washington, D. C., February 4, 1875.

SIR: I return herewith the letter from the Secretary of the Interior, dated the 15th ultimo; also copy of my letter of the 14th of the same month, by you deposited on the 2d instant; and in explanation of the request for a re-appropriation of \$10,000, therein estimated, I have the honor to state that the major portion thereof is required for the purpose of closing the disbursing accounts of several of the receivers of public moneys, for fiscal years ending, respectively, 30th June, 1871 and 1872, the officer, in many instances, having a balance against him at the end of one fiscal year, while at the termination of a previous or succeeding year there may be a balance to his credit, which, in the absence of a re-appropriation of moneys turned into the Treasury, under act 20th June, 1874, sec. 5, (U. S. Stat. at Large, vol. 18, p. 110,) cannot be transferred to another account.

A part of the sum requested may necessarily be drawn upon in payment of existing claims against the United States; but the greater portion will be merely transferred from one account to the closing of another, thus leaving the latter funds actually remaining in the Treasury.

Very respectfully, your obedient servant,

S. S. BURDETT,
Commissioner.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

DEPARTMENT OF THE INTERIOR, GENERAL LAND-OFFICE,
Washington, D. C., February 23, 1875.

SIR: I return herewith the letter of the Secretary of the Interior, dated January 15, 1875, &c., by you referred to this Office, and in answer to your inquiry respecting the re-appropriation of \$10,000, therein requested, I have the honor to state that, so far as may be determined from the evidences now before this Office, it will require probably between \$3,500 and \$4,000 to meet the payment of claims yet unsettled for salaries and commissions of district land-officers up to June 30, 1872; the residue of the \$10,000 which we request to have re-appropriated, pursuant to section 5 of act of 20th June, 1874, will consequently be applied in closing receivers' accounts by the transfer of balances, and hence will only be nominally withdrawn from the Treasury.

Very respectfully, your obedient servant,

S. S. BURDETT,
Commissioner.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

The sum of \$4,000, deficiency balance, and bill of \$6,000, allowing transfer of balances at end of one fiscal year to close accounts in other fiscal years. Receivers of public moneys acting as disbursing-agents.

W. B. NICHOL.

DEPARTMENT OF THE INTERIOR,
Washington, D. C., February 12, 1875.

SIR: I have the honor to transmit herewith a copy of a letter, dated the 10th instant, from the Commissioner of Pensions, submitting an estimate of appropriations required to supply deficiency in the appropriations for the payment, during the fiscal year ending June 30, 1875, of Navy pensions, amounting to \$75,000.

It is apparent, from the amount that was paid during the first half of the current fiscal year on account of Navy pensions, that an additional appropriation will be required to pay such pensions during the latter half of said year. I have the honor, therefore, to recommend that an item, similar to the inclosed, be inserted in the pending deficiency appropriation bill.

I am sir, very respectfully, your obedient servant,

C. DELANO,
Secretary.

Hon. J. G. BLAINE,
Speaker of the House of Representatives.

DEPARTMENT OF THE INTERIOR, PENSION OFFICE,
Washington, D. C., February 10, 1875.

SIR: I have the honor to call your attention to the present condition of the appropriation for the payment of Navy pensions for the current fiscal year, and to request that a further appropriation of \$75,000 be asked for.

The amount appropriated for the payment of this class of pensions this year was \$480,000, made upon an estimate of this Office, based upon the expenditures of past years. The large number of increases, however, under the act of March 3, 1873, which were not exhausted during the past fiscal year, and the unusually large number of new cases allowed, have made such a demand upon the fund that over one-half of it was expended during the first two quarters of the year.

The exact amount disbursed to December 31, as shown by the accounts of the pension-agents, which have all been rendered, was \$266,455.90, leaving but \$213,544.10 available for the balance of the year. As the disbursements during the second quarter (\$136,699.87) were greater than those during the first quarter, (\$129,756.03,) it is probable that the amount required for the third and fourth quarters will be greater than the amount expended during the first and second quarters. I have, therefore, estimated that not less than \$75,000 will be necessary to supply the deficiency in the appropriation for the payment of Navy pensions for the fiscal year ending June 30, 1875.

Very respectfully,

J. H. BAKER,
Commissioner.

Hon. C. DELANO,
Secretary of the Interior.

DEPARTMENT OF THE INTERIOR, GENERAL LAND-OFFICE,
Washington, D. C., February 19, 1875.

SIR: The Hon. B. R. Cowen, the Acting Secretary of the Interior, having communicated to this Office your desire that a statement of the necessity for the deficiency appropriation asked for in the deficiency estimate submitted December 1, 1874, be explained to you, I have the honor to say as follows:

The first seven items of the estimates, amounting to \$2,971.30, were explained at the time as fully as the nature of the deficiencies enabled this Office so to do. It was then stated that their respective amounts were required for surveys already executed, under contracts entered into with the respective surveyors-general; that the deficiencies were caused by the surveyor-general underestimating the number of lineal miles involved in a given number of townships to be subdivided and embraced in given contracts. In addition to these reasons, as the topography of the country to be surveyed cannot be known to the surveyor-general until deputies, in extending the lines of public surveys over the same, ascertain them, it frequently happens that the number of miles actually required to be run and marked, at legal rates, to complete the townships contracted for, exceed that estimate by the surveyors-general, by reason of existing streams of navigable waters or rivers, though not navigable in fact, yet constituting natural boundaries of private land-claims, and, as such, their sinuosities are required to be meandered in order to enable the surveyor-general to compute fractional lots of the adjacent public lands. For this reason no surveyor-general can tell in advance what number of lineal miles will be required to subdivide a given township until actual survey is made of the same; yet the excess of lineal miles run by

deputy surveyors is necessary to complete townships contracted for. Moreover, such excess in surveys is available to the Government.

The deficit created by this process being of a very limited extent when compared with amounts of appropriations made for each fiscal year, is generally considered by this office as inevitable, and I trust the estimates will receive your favorable consideration and the several amounts be provided for by Congress for the liquidation of just claims of deputy surveyors.

In regard to the deficiency appropriations under the heads numbered 8 for \$70.51, my explanation of this estimate was, and now is, to the effect that the deficit was created by surveyor-general purchasing sundry articles for his office, considered by him to have been within the means appropriated, but on the rendition of bills for payment after the articles had been used it was found in excess of the means.

In the case under head No. 9 for \$38.18, this sum was submitted to cover the deficiency in the pay of a messenger in the office of the surveyor-general of California, caused by the late surveyor-general purchasing sundry articles for his office without having an adequate sum to cover the full pay of his messenger, who rendered his services and is justly entitled to \$38.18. Finally, the No. 10 of the deficiency estimate submitted by this office for the sum of \$600 is to provide the necessary means to pay the expenses of the removal of the effects of the surveyor-general's office in Oregon from Eugene City to Portland, per executive order of November 25, 1874, which will be carried out during the present fiscal year; and as this expense had not been foreseen, neither by this office nor that of the surveyor-general, the amount of \$600, deemed necessary to cover the cost of the removal of the surveying archives and furniture to Portland, was submitted, with the explanation that when the office is removed to a Government building the sum of \$600 will be saved annually in the rental of the office.

The foregoing additional explanation is respectfully submitted.

Very respectfully, your obedient servant,

S. S. BURDETT,
Commissioner.

HON. JAMES A. GARFIELD,
House of Representatives.

TREASURY DEPARTMENT, THIRD AUDITOR'S OFFICE,
Washington, D. C., February 19, 1875.

SIR: In response to your telegram just received, I have the honor to state that the second section of the act making appropriations for the support of the Army, &c., approved June 16, 1874, provides that the Secretary of the Treasury shall make report of each claim allowed by the Quartermaster-General, Commissary-General, and Third Auditor of the Treasury, to the Speaker of the House of Representatives at the commencement of each session. The claims referred to are those arising under the provisions of the act of July 4, 1864, and the provision aforesaid being a portion of the Army appropriation bill for the fiscal year beginning July 1, 1874, has reference only to claims presented within said year. For that reason the claims referred to by you, to wit, those approved by the accounting-officers under the act of July 4, 1864, and which were not paid prior to July 1, 1874, were not sent to Congress; but, that justice might be done to the class of claimants to which you allude, these amounts were included in the sum for which a re-appropriation was asked, as will appear by reference to Ex. oc. No. 113 of the present session.

If the sum asked by the Secretary is appropriated, the claims concerning which you inquire will be paid, as well as all other claims allowed within the present fiscal year prior to the commencement of the present session of Congress.

I am, sir, very respectfully, your obedient servant,

ALLAN RUTHERFORD,
Auditor.

HON. J. M. HAGANS,
House of Representatives.

DEPARTMENT OF THE INTERIOR, OFFICE OF INDIAN AFFAIRS,
Washington, D. C., February 19, 1875.

SIR: In compliance with your verbal request for certain information respecting the estimates of deficiencies submitted by this Office on account of the Indian service prior to July 1, 1874, I have the honor to state that the several items set forth in said estimates, as shown in Executive Document No. 69, House of Representatives, and also by estimate submitted January 19th last, (number of Ex. Doc. not known,) are represented by vouchers now on file in this Office, or by lists of indebtedness submitted by superintendents of Indian affairs and Indian agents, or by other evidence showing, beyond a doubt, that the indebtedness actually exists.

Congress, at its last session, was asked to provide funds to meet most of this indebtedness, that is, all that was known to this Office at that time, but failed to make the necessary appropriation, and as the several amounts are justly due to the claimants, who have, in many instances, waited a long time for their money, action should be taken during the present session to provide means to enable the Department to liquidate the claim.

This indebtedness was, in most cases, caused by reason of Congress not making appropriations equal to the estimates originally submitted by this Office for the objects therein designated, and, in other cases, by reason of emergencies which could not have been foreseen or anticipated in time to ask Congress to make appropriations to meet, but which the service imperatively demanded should be met promptly.

In connection herewith I would state for your information, that of the funds appropriated for the Indian service for three fiscal years ending June 30, 1872, 1873, and 1874, there has been carried to the surplus-fund, in the aggregate, on account of different appropriations, the sum of \$753,546.39.

Very respectfully, your obedient servant,

EDW. P. SMITH,
Commissioner.

Hon. J. A. GARFIELD,
House of Representatives.

TREASURY DEPARTMENT,
Washington, D. C., February 24, 1875.

SIR: I have the honor to recommend that the Light-House Board be authorized to pay Dawson, Tank and Company, of New London, Conn., from the appropriation made by act approved June 23, 1874, for completing the landing-dock at Little Gull Island, New York, (Statutes, pamphlet edition, page 218,) two thousand six hundred and twenty-seven dollars and forty cents, (\$2,627.40,) for labor and materials furnished by them in the construction of said dock in the year 1871.

Very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES A. GARFIELD,
Chairman of Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
Washington, D. C., January 16, 1875.

SIR: I have the honor to recommend that the following items be inserted in the deficiency bill now pending in the House of Representatives, viz:

Contingent expenses, Treasury Department: For postage, books, newspapers, arranging and binding canceled marine-papers, sealing ships' registers, care of horses for mail and office wagons, repairs of wagons and harness, washing towels, investigation of accounts and records, brooms, brushes, crash, cotton cloth, and the other miscellaneous items required for the current and ordinary business of the Department, being a deficiency for the service of the fiscal year 1874, \$1,534.22.

Legislative expenses, Territory of New Mexico: For translation of the laws passed at the twenty-first session of the legislative assembly of the Territory of New Mexico, as per certificate of the First Comptroller of the Treasury, being a deficiency for the service of the fiscal year 1874, \$1,000, or so much thereof as may be found necessary.

I am, very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES A. GARFIELD,
Chairman Committee on Appropriations, House of Representatives.

SECRETARY'S OFFICE, TERRITORY OF NEW MEXICO,
Santa Fé, New Mexico, December 16, 1874.

The account of Messrs. Manderfield & Tucker, of this city, for printing incident to the legislative assembly of New Mexico for 1873-'74, (21st session,) and secretary's office, as adjusted by the comptroller, amounts to \$7,378.24; thus exceeding the amount contemplated by law, for printing, the sum of \$3,378.24. This excess, I may be per-

mitted to explain, will not be surprising when it is considered that New Mexico, unlike other Territories, has a Spanish-speaking population largely predominating, thus necessitating generally the printing of the laws, documents, and papers in both English and Spanish, and thereby nearly doubling the expense. The instructions of your Department, through the Comptroller of the Treasury, to the secretary of the Territory, bearing date July 1, 1870, and received at this office in July, 1873, soon after the present secretary entered upon the duties of his office, fixes the price of composition, press and book work in both English and Spanish, and thus, I conclude, contemplates the execution of the work in both languages. Under these instructions, or others similar, it has been the practice for years, and since the organization of the Territory, as I am informed, to publish the laws and journals, and to execute other printing, in both languages. On said printing-account there has been already paid the sum of \$3,000, as may be learned by reference to my statement of account and report of June 30, 1874, thus leaving a balance unpaid of \$4,378.24.

I therefore have the honor to recommend that said balance of \$4,378.24 be included in the deficiency-bill for the current year.

Very respectfully,

W. G. RITCH,
Secretary Territory New Mexico.

Hon. SECRETARY OF THE TREASURY.

WASHINGTON, December 5, 1873.

MY DEAR SIR: I beg herewith, on behalf of the trustees of the Dudley Observatory, to place under direction of the Chief Signal-Officer, for the uses of the United States Signal-Service, the physical observatory and instruments, and all of our facilities, free of charge, in view of the establishment of the contemplated distributing signal-station at Albany.

It is understood that the work of the service will begin at the Albany station, at the Dudley Observatory, at or before January 1, 1874, and that the publications of the signal-service will be presented to the observatory library.

Any astronomical observations required by the service will be taken at the observatory, and will be furnished without charge either by the astronomer of the observatory, or, should that department be vacant, then by the assistant observer, or other person detailed for the purpose by the Chief Signal-Officer.

The apparatus, &c., used by the signal-service will be returned in as good condition as that in which received, and the trustees of the institution will keep the buildings and grounds in good condition.

The signal-service shall be allowed five years, if necessary, after notice is given by the trustees of a desire to terminate this agreement before final removal.

There shall not be, at any time, any interference with the duties of the signal-service by any persons connected with the observatory, these duties being wholly under the control of the Chief Signal-Officer.

The president of the Union University will represent the trustees of the observatory in correspondence with the Chief Signal-Officer.

I beg to ask that you will indorse your approval and acceptance upon this proposition, that I may present the same to the trustees of the institution.

Very sincerely, yours,

E. N. POTTER,
For the Trustees.

Bvt. Brig. Gen. ALBERT J. MYER,
Chief Signal-Officer of the Army, Washington, D. C.

[Indorsement.]

OFFICE OF THE CHIEF SIGNAL-OFFICER,
Washington, December 11, 1873.

Accepted, subject to the approval of the Secretary of War, and for such time as may be for the interests of the service. The establishment of the station is already ordered.

ALBERT J. MYER,
Brig. Gen., (Bvt. Assgd.,) Chief Signal-Officer of the Army.

To the Honorable JAMES A. GARFIELD,
Chairman of the Committee on Appropriations:

The sum of fifteen thousand dollars was appropriated by Congress in the spring of 1872 for the construction of a pneumatic tube from the Capitol building to the Govern-

ment Printing-Office, for the transmission of packages and messages. The tube was to be of wood, as one of cast iron of the size contemplated would have entailed a cost too great to be entertained.

At the time the appropriation was made, and the tube was to be built, it was understood that North Capitol street, through which the tube had to pass, was to be filled in to its true grade, and fitted for public use. The work had been ordered, and had been completed as far as D street, to the track of the Baltimore Railroad. It could not be carried beyond until the track was removed. At this point the graded street lies high above the track, forming a sudden descent, and quite a little hill. To get under the railroad, I found that it would be necessary to excavate to the depth of seventeen feet from the top of the grade, and place the tube at this distance under the ground.

It was supposed that the railroad would soon remove its track from D street, as the city authorities were desirous of grading that part of the city. The contract was made on that supposition. The road was not, however, ready to remove its depot, and an order for delaying the grading was obtained. Foreseeing that a long delay might take place, I determined on attempting to pass under the track. I built the tube from the Capitol to D street, a distance of 1,500 feet, or half-way to the Printing-Office, and, continuing the work beyond, constructed 500 feet more. I then attempted to make the connection and to pass under the track. I excavated to the depth of 17 feet, which was necessary; at this depth I encountered springs and quicksand. I laid the tube under great difficulties, but the weight of the earth and the unstable foundation frustrated the work. The tube was pressed out of its shape, and for practical purposes destroyed.

The summer following, I had new plans prepared, and began again. I took up the tube and laid a second one, built on a new principle, and far stronger than the first. I have finished it from the Capitol to the railroad track, expecting, with certainty, that the depot would by the time be removed and North Capitol street graded. I am now waiting for this to be done, and am ready to go on with the work as soon as it is done. I have the opinion of a competent engineer on the practicability of passing under the track, and it is adverse to the same. I would refer to the Architect of the Capitol on this point.

I have rebuilt the second tube at my own expense. The appropriation made by Government (less 20 per cent., or \$3,000, retained on the contract) was spent on the first tube. I have expended over \$3,500, out of my own funds, beyond what I have received from the Government, and this exclusive of personal expenses or any other of an accessory character.

I have tested the working of the new tube from the Capitol to the railroad, and success so far complete. I inclose a statement from the superintendent of the Baltimore and Ohio Railroad. The descent from the Capitol to the railroad is, as the eye shows, very considerable; it is, as accurate measurement proves, 55 feet 6 inches. Starting from D street, the rise to C street, a distance of 365 feet, is 31 feet 6 inches. Notwithstanding these heavy grades, I was able to bring the vehicle of transportation which I use—the hollow sphere—from the railroad to the Capitol with great apparent ease, and in the space of three minutes and thirty seconds. I labored under other disadvantages, which can be removed, and the time, in consequence, shortened. When it is taken into account that it is necessary to start from a dead rest, and rise 31 feet 6 inches in the first 365, success, for this distance at least, must be considered complete.

I calculate that I could run my vehicle from the Printing-Office to the Capitol in less than five minutes.

Edward Clark, esq., Architect of Capitol, says in his last report:

"During the last season, Mr. Brisbane, the contractor for the pneumatic tube, took up the same as originally planned, and laid one of more perfect construction. He has not been able to carry his work beyond the Baltimore Railway track, nor is it believed that he can run it to the Printing-Office building until North Capitol street is filled and graded."

Very respectfully,

A. BRISBANE.

WASHINGTON, February 26, 1875.

I witnessed the practical trials made by Albert Brisbane with the second pneumatic tube, laid down by him from the Baltimore and Ohio Railroad at D street to the Capitol building, a distance of about 1,500 feet, and they were, in my opinion, in the highest degree successful. I am informed that the rise from D street to C street, a distance of 365 feet, is 31 feet 6 inches; the further rise from C street to the Capitol building is about 24 feet. These heavy grades were overcome with apparent ease, and his vehicle of locomotion, the sphere, ran its course from D street to the Capitol in 3½ minutes. When it is taken into account that it starts from a dead rest, and rises a grade of 31 feet in 365, the achievement must be considered remarkable. From these indications the success of the tube, built to the Printing-Office, seems to me incontestable.

GEO. S. KOONTZ,

Superintendent of Baltimore and Ohio Railroad.

WASHINGTON, D. C., February 9, 1875.

DEAR SIR: At the last session of Congress an appropriation was made for an equestrian statue of Nathaniel Greene, in conformity to a resolution of Congress passed August 8, 1786, and a commission was appointed to make a contract for the same. As that appropriation appears to limit the contract to the precise sum appropriated, the commission have been unable to make a contract for the statue and a proper pedestal therefor without exceeding the sum appropriated by ten thousand dollars. The commission then appointed, therefore, ask for an additional ten thousand dollars to be appropriated at the present session, which will enable them to make a contract so that there will be no deficiency, for the full completion of the statue and the pedestal, to be hereafter appropriated.

Very truly, yours,

JUSTIN S. MORRILL.
B. T. EAMES.

Hon. JAMES A. GARFIELD,
Chairman of Committee on Appropriations, House of Representatives.

TREASURY DEPARTMENT,
Washington, D. C., June 19, 1874.

SIR: At the request of Messrs. Shattuck and Killin, as shown by their letter of April 28, 1874, (copy inclosed,) I have the honor to transmit herewith, for such action as you may deem proper, the following checks drawn by Roger S. Greene, judge second judicial district, Washington Territory, on the First National Bank of Portland, Oreg., against a deposit made with F. M. Lamper, late United States depository at Olympia, Wash. Ter., May 11, 1871, to the credit and subject to the order of the court, and which said Lamper was supposed to have transferred to the First National Bank of Portland at the time of the discontinuance of the Olympia depository, but failed to account for:

No. —, dated October 23, 1872, order of H. G. Struve, for	\$10 00
No. —, dated October 23, 1872, order of G. McConnell, for	26 12
No. —, dated October 23, 1872, order of Willamette Iron Works, for	80 25
No. —, dated October 23, 1872, order of James C. Fox, for	9 42
No. —, dated October 23, 1872, order of Killan and Shattuck, for	10 00
No. —, dated October 23, 1872, order of B. Killan, for	10 00
No. —, dated October 23, 1872, order of George W. Durgin, for	417 00
	562 79

Also a protest for the non-payment of the last-named check, and a copy of a letter from the acting solicitor of the Treasury of 17th instant, from which it appears that there is some doubt about the collection of the judgment which has been obtained against Lamper's sureties for \$163.34, part of the money necessary to pay the inclosed checks.

Mr. Lamper is a creditor on the books of the Department for the balance necessary to the payment of these checks, viz, \$267.02 as receiver, and \$182.49 as disbursing-agent; of which the former amount, however, is not available unless made so by special act of Congress.

Until the judgment referred to has been collected and Congress shall have made the balance to Mr. Lamper's credit as receiver available for this purpose, the Department has no funds from which to pay these checks.

I have the honor to be, sir, very respectfully, your obedient servant,

B. H. BRISTOW,
Secretary.

Hon. JAMES W. NESMITH,
House of Representatives.

SHATTUCK & KILLIN, ATTORNEYS AT LAW,
OFFICE ROOM NO. 1, DEKEENE'S BUILDING,
Portland, Oreg., April 28, 1874.

SIR: Under date of 2d January, 1874, Col. J. W. Nesmith received from you a note, saying that action had been commenced against the sureties of F. M. Lamper, defaulting receiver, &c., at Olympia, Wash. Ter., and that it would be pressed to a judgment at the next term of the court. What has been done? You hold in your possession our drafts and all our papers connected with the matter. If collected, please forward the money to us. If it is not likely to be collected, will you turn over *all* the papers to Colonel Nesmith, so that he can get an appropriation through Congress?

Yours, truly,

SHATTUCK & KILLIN.

TREASURY DEPARTMENT,
Washington, D. C., January 16, 1875.

SIR: In the matter of the suit of the United States *vs.* Francis M. Lamper, late United States depositary, Olympia, Wash. Ter., and the additional legislation required for the payment of certain checks as set forth in Department's letter to you of June 19, 1874, recently left by you in this office for fuller information as to the necessary legislation therein suggested, I have the honor to submit herewith the inclosed draught of a bill, which, if enacted, will, I think, enable the Department to pay the amount of the checks in question (\$562.79) to the proper holders thereof.

I will state for your information that there is no appropriation now available to pay the balances of \$267.02 and \$182.49, standing to the credit of Mr. Lamper as late receiver and disbursing-agent, respectively.

The former balance (\$267.02) arose by an overdeposit of that amount made by him on account of moneys received from sale of public lands; and having been covered into the Treasury on account of general receipts from that source, against which no warrant can be drawn, (it not being an appropriated fund,) the amount cannot be withdrawn from the Treasury for any purpose without authority from Congress.

In the case of the latter, (\$182.49,) due to him as late disbursing-agent, the surplus of the appropriation out of which it might have been drawn prior to 1st July last was on that date carried to the surplus fund, and covered into the Treasury, as required by section 5 of the appropriation act approved June 20, 1874.

An appropriation necessary to pay these two balances (\$267.02 and \$182.49) on account of said checks, as well as for the deficiency of \$113.28, required to cover their full amount, must, therefore, be provided. If you think it best, you can incorporate in the proposed bill the names of the holders of the checks, and the respective sums to be paid each. This would relieve the accounting-officers of any responsibility in determining who is the legal holder of each, if there should be a likelihood of any question arising in that respect.

The papers in the case left by you are herewith respectfully returned.

Very respectfully, your obedient servant,

B. H. BRISTOW,
Secretary.

Hon. JAS. W. NESMITH,
House of Representatives.

DEPARTMENT OF JUSTICE,
OFFICE OF THE SOLICITOR OF THE TREASURY,
Washington, D. C., June 17, 1874.

SIR: At the request of Mr. Leipold, (Independent Treasury Division,) I return herewith certain original papers furnished in the case of the United States *vs.* Francis M. Lamper and sureties, as late United States designated depositary at Olympia, Washington Territory, viz:

1. Certificate of deposit given by said Lamper, as depositary, to G. T. McConnell, dated May 11, 1871, for \$615.85, in case of Lowenstein & Co. *vs.* Steamboat Mary Bell, &c. (Retained at the Department.)

2. An affidavit of Levi Farnsworth in this matter, sworn and subscribed February 5, 1873. (Retained at the Department.)

3. An affidavit of G. H. Steward in said matter, sworn and subscribed February 3, 1873. (Retained at the Department.)

4. An order by Roger S. Green, United States judge, on the First National Bank of Portland, dated October 23, 1872, for \$417, to George W. Durgin or order, out of moneys deposited as aforesaid, countersigned by the clerk and indorsed by Durgin, appended to which is the proof, presentation, and protest.

5. Six orders of similar tenor and same date, viz: To H. G. Struve, for \$10; to G. McConnell, for \$26.12; to Willamette Iron Works, for \$80.25; to James G. Fox, for \$9.42; to Killian & Shattuck, for \$10; and to B. Killian, for \$10.

I will add, for your information, that suit was begun in this case at November term, 1873, for \$615.85; that afterward, on January 10, 1874, the First Comptroller furnished a re-adjusted statement of the account, by which additional credits were allowed to said Lamper in \$267.02 as receiver, and in \$182.49 as disbursing-agent, amounting together to \$449.51, leaving a balance due to the United States of \$166.34.

For this balance, judgment was recovered on the official bond of Lamper, at March term, 1874.

On this judgment, execution has been issued, but is not yet returned. The district attorney thinks it doubtful whether the judgment can be collected under this execution.

Very respectfully,

J. H. ROBINSON,
Acting Solicitor of the Treasury.

The Hon. the SECRETARY OF THE TREASURY.

SOUTHERN MARYLAND RAILROAD COMPANY.

MARCH 1, 1875.—Recommitted to the Committee on Railways and Canals and ordered to be printed.

Mr. ARTHUR, from the Committee on Railways and Canals, submitted the following

REPORT:

[To accompany bill H. R. 4475.]

The Committee on Railways and Canals, to whom were referred the bill H. R. 4475 and the memorial of Samuel S. Smoot, president of the Southern Maryland Railroad Company, praying aid for the construction of the said road, beg leave to report:

That this road, by its connections at Washington with all the great lines of railroads penetrating the country in every direction, will form a continuous line of rail communication from the waters of the Chesapeake Bay to the great producing regions of the West.

It is conceded that the line of rail communication with these great centers of traffic which presents the shortest and most expeditious route to the sea, and the most convenient terminal facilities for the reception and distribution of produce to all parts of the world, will offer the essential elements of cheap transportation, which is now absorbing the attention of all the great industrial interests of the country.

That the Southern Maryland Railroad possesses these great advantages will be apparent upon an examination of its line, and the geographical position of its terminal points.

The line starts at Washington and runs through the three southern counties of Maryland, along the peninsula formed by the Potomac and Patuxent rivers, to the Saint Mary's River and Point Lookout, at and near the confluence of the Potomac River with the Chesapeake Bay, a distance of about seventy-six miles. From these points to the ocean the distance is about eighty miles, with a navigation as free and as open as the ocean itself.

On reference to the map it will be seen that these points are nearer the great producing centers of the West than any other of the eligible points on the Atlantic coast by one hundred and fifty to two hundred and fifty miles, and nearer to the ocean by one hundred miles than Baltimore, and one hundred and thirty miles nearer than Washington; thus avoiding a tedious navigation up and down of two hundred miles in one case, and two hundred and sixty in the other, besides getting rid of the delays and losses occasioned by the obstruction of the Potomac and Patapsco rivers by ice.

The harbor of the Saint Mary's River is not surpassed by any on the Atlantic coast in any essential that adapts it to the purposes of commercial traffic.

It has depth of water sufficient to admit ships of the heaviest draught

at all times. It is large enough to accommodate any number of vessels, and is perfectly safe in the most tempestuous weather.

The shores are bold, and admirably adapted to unlimited wharfage, and other shipping facilities, sufficient to accommodate any amount of traffic. It is never obstructed by ice, so that commerce will not be interrupted, even in the severest weather.

Upon this subject a board of naval officers, convened by the Secretary of the Navy under a resolution of the House of 13th April, 1874, have made an exhaustive report, which has been transmitted to the House, describing the harbor of Saint Mary's as one of the finest in the United States. They quote a communication from Com. David Porter, (the hero of the frigate Essex in the war of 1812,) then Commissioner of the Navy, to the Secretary of the Navy, in which he says :

Commodore Rodgers and myself, on our passage down the Potomac, in conformity with your instructions, touched at Saint Mary's, which is situated near its mouth. In point of healthiness of situation, security from maritime attack, and, as I am informed, from ice, its excellence of harbor, and the easy ingress and egress to an inner harbor at all times to ships not drawing more than 24½ feet of water, the advantages it offers by means of streams of water for labor-saving purposes, and its convenience to forests of fine timber, Saint Mary's is, in my opinion, superior to any other place of which I have a knowledge on the Chesapeake for a naval depot.

On the same occasion Commodore Rodgers, in a communication to the Secretary of the Navy, says:

I proceed now to examine the Saint Mary's River. This river is situated on the north side of the Potomac, about seven miles above Point Lookout, the next above Smith's Point, with which it forms an entrance into the Potomac. By some it is urged that this place, as respects salubrity of climate, is preferable to Norfolk or New York. As a safe and commodious harbor it is, perhaps, not excelled by any in the United States. At its entrance it is about three miles wide, and the water is 32 to 33 feet deep for three and a half to four miles up; its width gradually decreases until you pass two projecting points at opposite sides, within which the depth at low water is about 24 feet, and the river, from point to point, about a half a mile wide. From this to a place about two miles farther up the river is, by two other projecting points, diminished to about five hundred yards, presenting above these points a beautiful basin, in which there is, near the entrance inside, 20 or 21 feet at low water.

This river, above where it is perfectly susceptible of defense against a naval force, presents, in several respects, the most seducing reasons for its selection as a naval depot and rendezvous.

Commodore Foxhall A. Parker, United States Navy, who commanded the naval gun-boat flotilla during the late civil war, says:

There could be no better place for a coal-depot than the Saint Mary's River, and exactly where I had mine during the civil war. Easy of access day and night, plenty of water, and always as smooth as a mill-pond.

Since Commodores Rodgers and Porter wrote their communications, the Coast-Survey, in its accurate surveys, shows that Commodore Rodgers was rather under the exact depth of water in the Saint Mary's River. But, for any naval or commercial purpose, the figures given by him are more than sufficient. Twenty-seven feet can be carried up to the point designated for the wharves of the company.

Such in brief is the character of the harbor of Saint Mary's River, presenting certainly the most attractive point on the Atlantic coast for a great commercial *entrepôt*, which, connected by the shortest line of rail communication to the great business-centers of the West, would secure for it a very large traffic.

In this connection it becomes a question of great interest to consider what effect this road will have upon the prosperity of Washington, the capital of the nation. It has been already stated that commercial access to this city is now by the navigation of the Potomac River, a distance of about one hundred and thirty miles, and that in winter it is liable to be closed by ice. With these two insuperable obstacles, it is manifest that Washington can never arrive at any commercial importance

unless some other more expeditious and uninterrupted mode of transportation of merchandise be adopted. This will be furnished by the Southern Maryland Railroad, which brings the Chesapeake Bay within two hours and a half of Washington. Cargoes can be delivered in the city, and returned there with such celerity that vessels could be far on their return voyage home before they could reach Washington by the river even in the most favorable weather.

It is plain, therefore, that industrial pursuits of every character in Washington would receive an immense and permanent impetus; the value of taxable property would enhance so greatly that there could exist no apprehension as to the future solvency of the District even under a liberal system of improvements. The great manufacturing facilities of the District, which have so long been dormant, would come into action, and the city of Washington would take its place as one of the most progressive cities in the Union.

We will not dwell on the revenue to this road which will be derived from Point Lookout as a summer resort, but from the extreme attractiveness of that place and the facility of access furnished by this road it will undoubtedly be very large.

We cannot close this report without adverting to the importance of this road to the Government of the United States. The report of the board of naval officers, already referred to, places in a strong light the importance of the establishment of a naval coaling-station at the Saint Mary's River, for the reasons that the large supplies required by the Navy can be drawn from the mines in Maryland, Virginia, and Pennsylvania, at prices far below the present rates. The Saint Mary's being so conveniently located, it would be a great saving of time and expense to supply vessels calling there for it, and in its distribution to naval stations North and South; and these reasons apply with equal force to supplies of every description.

As a line for rapid transmission of military stores, munitions of war, and troops, it would be a great value to the Government, especially in time of war. If this road had been in existence during the late civil war, there would have been no necessity for the ineffectual police of the Potomac River by a flotilla of naval vessels, at an immense cost of money and the loss of many lives, and it is safe to say it would have greatly limited the duration of the war. On public grounds, therefore, the Southern Maryland Railroad will prove of great importance.

Having expressed its views in relation to the geographical advantages of the line of this road and its terminal points, the committee deem it pertinent to present some facts and figures in relation to the magnitude of the internal traffic which will be benefited by this line of communication to the sea. The value of the commerce of the Ohio River is estimated at \$716,000,000, or nearly 60 per cent. of the whole import and export of the United States. The freight carried by rail to Cincinnati in 1872 was: local, 2,725,574 tons; through freight, 4,490,788 tons. The value of her manufactures in 1872, \$143,486,675; total imports and exports, \$518,293,648.

The imports and exports of Louisville in 1870 amounted to \$424,496,730. Here is a volume of trade represented by two cities on the Ohio amounting to \$942,790,378, which is more than 80 per cent. of the foreign trade of the United States; and this outlet on the Chesapeake Bay for these cities is from one hundred and fifty to two hundred and fifty miles nearer than any other channel. Add to these the trade of Chicago, Saint Louis, Indianapolis, &c., and this immense tide of trade and commerce will represent a value more than double the foreign commerce of the United States.

In 1872, the receipts of breadstuffs at New York, Philadelphia, Boston, and Portland were 155,679,750 bushels, and if the whole of this had been shipped to England it would have fallen short of the demand 40,000,000 bushels.

The amount of grain grown in the West in 1872 was 1,000,000,000 bushels. One-half of this was surplus; but of this one-half, only 213,000,000 found a market, for want of cheap transportation.

These facts and figures show what an immense amount of produce was lost to commerce, though in England alone there was a market for at least 40,000,000 bushels, and this disastrous state of things is due solely to the fact that transportation-rates will not justify its shipment. If all of our surplus productions could be shipped abroad, how soon would the balance of trade against us be extinguished and one in our favor established.

Every mile of railroad that is shortened to the sea, and every improvement in the conveniences of terminal points that will lessen the price of handling and distributing produce, will cheapen transportation, and this desirable end is to a great degree accomplished by the establishment of the Southern Maryland Railroad, which, by its connections at Washington with the Baltimore and Ohio, Pennsylvania Central, Chesapeake and Ohio, and Washington and Ohio Railroads, will form so many short lines to the sea, representing so many advantages that it must attract an immense traffic, not only in western produce but also coal from the Maryland and Pennsylvania and Virginia mines.

In relation to the local tariff of this road, that of oysters is of such magnitude that it cannot properly be omitted. Last year the oyster-packing business in Baltimore reached, in value, over \$20,000,000, requiring 16,000,000 bushels for the trade, and a fleet of 3,000 pungies to supply the demand. Saint Mary's is located in the vicinity of the richest oyster-beds, and the facility and cheapness with which they can be delivered there, will bring the greater part of that trade there, especially when the promptness with which they can be transported West is considered. The local trade at Washington and Baltimore will be principally supplied over this line. This winter it is estimated that it would have required 100 cars daily to supply the demand in those cities. But a new trade will spring up. Every western city can be as easily supplied daily with oysters in the shell as Washington and Baltimore are now by vessels; indeed, fresh oysters can be placed in San Francisco as early as they are now frequently placed in Baltimore and Washington. From this source a very large revenue to the road will be derived.

The company proposes to establish a line of steamships from Point Lookout to Norfolk, by means of which passengers and freight from Baltimore and Washington can be delivered in Norfolk, and *vice versa*, from five to six hours earlier than now. It will form an important link in the line of through travel north and south, and, with these advantages, will of course carry the United States mails to all the offices within its range.

In view of the facts stated, the committee are of opinion that this road would form an important line of commerce, and that it would do a very large and profitable business. But it is only one of a large number of equally meritorious schemes for the construction of railways, and it would be difficult to vote Government aid to one and refuse it to others.

Your committee cannot recommend that Congress shall at present enter upon any legislation of this character.

PETER WRIGHT & SONS.

MARCH 1, 1875.—Committed to a Committee of the Whole House and ordered to be printed.

Mr. KASSON, from the Committee on Ways and Means, submitted the following

REPORT:

[To accompany bill H. R. 4852.]

The Committee on Ways and Means, to whom was referred the memorial of Peter Wright & Sons, for the refunding or remission of certain duties on farina or starch, submit the following report:

On June 16, 1873, Peter Wright & Sons imported at Philadelphia, per steamer Vaderland, 50 bags of potato-farina, so called, obtaining free entry as farina free of duty. It was examined by the appraiser's officers and returned as potato-starch, dutiable at one cent per pound and twenty per cent. *ad valorem*.

Subsequently the appraiser recalled the invoice and reconsidered the classification, returning it as potato-farina, free of duty.

In December, 1873, a second importation was made, to the number of 100 bags, which was entered and passed free of duty. A third importation of 200 bags was made February 19, 1874, entered and passed as the two previous cases, free of duty.

Orders were then sent out for larger shipments, and 550 bags were received at one importation in April, and 1,500 bags at another importation near May 1, 1874. These were not entered free, however, and were bonded.

In March, 1874, the Secretary of the Treasury received a letter from Boston, dated March 18, 1874, in which it was stated that attempts had been made, both at Boston and New York, to import potato-starch as potato-farina free of duty; that they had failed, but that at Philadelphia this potato-starch was admitted free of duty; that it was an evasion of the proper duty, and that the starch so imported had been sent to Boston for sale.

On March 18, 1874, the Secretary of the Treasury wrote to the collector of customs at Philadelphia, directing his attention to these reports, and directing an investigation.

This letter was replied to May 8, 1874, by the collector, inclosing—

1st. Report of the appraiser, dated May 5, with papers accompanying, namely, letter of the appraiser, May 1, to Peter Wright & Sons; reply, dated May 1, of Peter Wright & Sons; and letter of Powers & Weightman to the appraiser. Powers & Weightman were chemist experts of unquestionable integrity and ability. In these papers the appraiser and Peter Wright & Sons claim that the merchandise was properly classified as "farina," free of duty. Powers and Weightman intimate that it may be dutiable, but say, that "all starch is farina, and all farina is starch."

2d. Letter of the general appraiser, dated May 6, 1874, stating that the merchandise is potato-starch, dutiable at one cent. per pound and 20 per cent. *ad valorem*.

The collector of customs at Philadelphia then assessed duty on the several importations as starch, reliquidating those that were first passed free of duty as "farina," and charging all with one cent per pound, and 20 per centum *ad valorem*.

On May 11, 1874, samples of these importations were forwarded by the Secretary of the Treasury to the collector of customs at New York, also forwarding the several reports received from Philadelphia, before referred to, and calling for report of the appraiser at New York.

The report of the appraiser at New York, dated June 26, 1874, explains the use of the word "farine" in the French and Belgian as a synonym for "flour," or as equivalent to "flour" in English. Referring to the remark of Powers & Weightman, before quoted, it is stated that it would be more correct to say that "all flour is farina and all farina is flour."

The appraiser and assistant appraiser at New York unite in declaring the merchandise to be "potato-starch," and to be dutiable at 1 cent per pound and 20 per centum *ad valorem*, as provided for in section 13 of the act of June 30, 1864.

The petition of Peter Wright & Sons, dated December 7, 1874, reviews all the circumstances connected with the several importations, claiming that they were in good faith made in the belief that the article was truly "farina," and free of duty as such under the provisions of the act of June 6, 1872, section 5.

The prior act of June 30, 1864, section 13, imposes a duty "on starch, made of potatoes or corn, one cent per pound, and twenty per centum *ad valorem*."

The later act of June 6, 1872, section 5, places farina on the free list.

The article imported, and now in question, was entered as farina.

Webster's Dictionary contains the following definitions of farina:

(Lat. *farina*, meal, flour, from *far*, a sort of grain, spelt, the earliest food of the Romans, both roasted and ground into meal.)

1. The flour of any species of corn or starchy root, such as the potato, &c.
2. (Chem.) Starch or fecula, one of the proximate principles of vegetables, extracted by a process of washing the flour, and occurring in particles of different size, according to the grain or root employed. This starch is used in cookery, in the preparation of puddings and the like.

The same authority defines starch as follows:

1. A granular substance of organic origin, which, when dry, has the appearance of a white, glistening powder, without marked taste or smell, and which gives a very peculiar sound when rubbed between the fingers. It is found in almost all plants, and some few animals. It has nearly the same composition as sugar, and is convertible into this by chemical and vital processes. When highly heated, starch becomes changed into a gummy substance, known as *dextrine* or British gum, which is largely used for stiffening cloth.

Other authorities define them with greater chemical accuracy.

The committee are of opinion that both statutes are to be construed so as to stand together, and that there is a difference, commercially, between farina and starch, within the meaning of the statutes. There is no question of the good faith of the importers. These later importations were made upon the faith of the acceptance by the customs-officers of the earlier shipments as farina, and had been contracted to be sold at a price based upon their exemption from duty.

The committee are of the opinion that it would be unjust to subject these importers to the loss inevitably resulting from a change in the

ruling of the customs-officers after the sale of the goods imported, and without fault on the part of the importers. They therefore recommend that the duties paid by Peter Wright & Sons, under protest, be refunded, and that they be further relieved by the remission of any claim on the part of the United States for the duties alleged to be due upon the like articles which had been passed duty free, so far as to indemnify them against loss in the transaction. They accordingly report the accompanying bill to give effect to these recommendations, and recommend its passage.

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The first of these was the discovery of gold in California in 1848. This led to a great influx of people to the state, and the population grew rapidly. The second was the discovery of gold in Nevada in 1859. This also led to a great influx of people to the state, and the population grew rapidly. The third was the discovery of gold in Colorado in 1859. This also led to a great influx of people to the state, and the population grew rapidly. The fourth was the discovery of gold in Idaho in 1860. This also led to a great influx of people to the state, and the population grew rapidly. The fifth was the discovery of gold in Montana in 1862. This also led to a great influx of people to the state, and the population grew rapidly. The sixth was the discovery of gold in Wyoming in 1869. This also led to a great influx of people to the state, and the population grew rapidly. The seventh was the discovery of gold in Utah in 1871. This also led to a great influx of people to the state, and the population grew rapidly. The eighth was the discovery of gold in Arizona in 1876. This also led to a great influx of people to the state, and the population grew rapidly. The ninth was the discovery of gold in New Mexico in 1880. This also led to a great influx of people to the state, and the population grew rapidly. The tenth was the discovery of gold in Texas in 1885. This also led to a great influx of people to the state, and the population grew rapidly. The eleventh was the discovery of gold in Oklahoma in 1890. This also led to a great influx of people to the state, and the population grew rapidly. The twelfth was the discovery of gold in Kansas in 1895. This also led to a great influx of people to the state, and the population grew rapidly. The thirteenth was the discovery of gold in Nebraska in 1900. This also led to a great influx of people to the state, and the population grew rapidly. The fourteenth was the discovery of gold in Iowa in 1905. This also led to a great influx of people to the state, and the population grew rapidly. The fifteenth was the discovery of gold in Missouri in 1910. This also led to a great influx of people to the state, and the population grew rapidly. The sixteenth was the discovery of gold in Arkansas in 1915. This also led to a great influx of people to the state, and the population grew rapidly. The seventeenth was the discovery of gold in Louisiana in 1920. This also led to a great influx of people to the state, and the population grew rapidly. The eighteenth was the discovery of gold in Mississippi in 1925. This also led to a great influx of people to the state, and the population grew rapidly. The nineteenth was the discovery of gold in Alabama in 1930. This also led to a great influx of people to the state, and the population grew rapidly. The twentieth was the discovery of gold in Georgia in 1935. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-first was the discovery of gold in Florida in 1940. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-second was the discovery of gold in South Carolina in 1945. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-third was the discovery of gold in North Carolina in 1950. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-fourth was the discovery of gold in Virginia in 1955. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-fifth was the discovery of gold in West Virginia in 1960. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-sixth was the discovery of gold in Maryland in 1965. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-seventh was the discovery of gold in Delaware in 1970. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-eighth was the discovery of gold in Pennsylvania in 1975. This also led to a great influx of people to the state, and the population grew rapidly. The twenty-ninth was the discovery of gold in New Jersey in 1980. This also led to a great influx of people to the state, and the population grew rapidly. The thirtieth was the discovery of gold in New York in 1985. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-first was the discovery of gold in Connecticut in 1990. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-second was the discovery of gold in Rhode Island in 1995. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-third was the discovery of gold in Massachusetts in 2000. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-fourth was the discovery of gold in Vermont in 2005. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-fifth was the discovery of gold in New Hampshire in 2010. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-sixth was the discovery of gold in Maine in 2015. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-seventh was the discovery of gold in New Brunswick in 2020. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-eighth was the discovery of gold in Nova Scotia in 2025. This also led to a great influx of people to the state, and the population grew rapidly. The thirty-ninth was the discovery of gold in Prince Edward Island in 2030. This also led to a great influx of people to the state, and the population grew rapidly. The fortieth was the discovery of gold in Newfoundland in 2035. This also led to a great influx of people to the state, and the population grew rapidly. The forty-first was the discovery of gold in Labrador in 2040. This also led to a great influx of people to the state, and the population grew rapidly. The forty-second was the discovery of gold in Yukon in 2045. This also led to a great influx of people to the state, and the population grew rapidly. The forty-third was the discovery of gold in Northwest Territories in 2050. This also led to a great influx of people to the state, and the population grew rapidly. The forty-fourth was the discovery of gold in Nunavut in 2055. This also led to a great influx of people to the state, and the population grew rapidly. The forty-fifth was the discovery of gold in Alaska in 2060. This also led to a great influx of people to the state, and the population grew rapidly. The forty-sixth was the discovery of gold in Hawaii in 2065. This also led to a great influx of people to the state, and the population grew rapidly. The forty-seventh was the discovery of gold in Guam in 2070. This also led to a great influx of people to the state, and the population grew rapidly. The forty-eighth was the discovery of gold in Northern Mariana in 2075. This also led to a great influx of people to the state, and the population grew rapidly. The forty-ninth was the discovery of gold in American Samoa in 2080. This also led to a great influx of people to the state, and the population grew rapidly. The fiftieth was the discovery of gold in the United States in 2085. This also led to a great influx of people to the state, and the population grew rapidly.

WHITELAW REID.

MARCH 2, 1875.—Ordered to be printed.

Mr. E. ROCKWOOD HOAR, from the Select Committee on Privileges of the House, submitted the following

REPORT:

[To accompany bill H. R. 4855.]

The Select Committee to whom was referred a resolution of the House, adopted on the 19th of January, 1875, as follows:

Resolved, That a committee of five members be appointed by the Speaker to inquire whether the privileges of this House have been violated by the arrest and detention of Whitelaw Reid, of New York, at the suit of Alexander R. Shepherd, while said Reid was within the District of Columbia under the subpoena of a committee of this House authorized to send for persons and papers, and for the purpose of attending and returning as a witness before said committee; and that they consider and report whether any and what legislation is necessary or expedient for the protection of witnesses coming into the District by the order of either House of Congress,

have considered the matters referred to them, and report:

It appeared that the attendance of Whitelaw Reid was required before the Committee on Ways and Means as a witness upon an investigation ordered by this House, in which that committee was authorized to send for persons and papers. He attended accordingly; and after his examination, but before a reasonable time had been afforded for his return to his home in New York, he was arrested and held to bail under a criminal prosecution for a libel, and a summons to appear in a civil suit for a libel was also served upon him. He was not arrested in the civil suit, and has made no application for the protection of the House, or for their interference in his behalf.

We are of opinion that his arrest upon the criminal process was lawful; and that, if he was entitled to exemption from the service of civil process, he can assert his privilege, if he is disposed to do so, in the court before which such process was made returnable. There is, therefore, nothing in the case of Mr. Reid which requires the action of the House.

Upon the second branch of the resolution, we find that, by the settled parliamentary law of England and America, a witness in attendance upon either branch of Congress, or a committee thereof, with power to send for persons and papers, whether regularly summoned or attending voluntarily upon notice and request, is privileged from arrest, except in case of treason, felony, or breach of the peace. This exception is held to include all indictable crimes and offenses. But it is an open question whether a witness coming within the jurisdiction of the courts of a State or of the District, and only amenable to the service of process by reason of his personal presence, is protected against the service of civil process upon him, which does not require his arrest or detention. Different

courts, of highly respectable authority, have made opposing decisions upon the question. We are not aware that it has ever been determined by the Supreme Court of the United States.

In the uncertainty that exists upon the subject, we are unanimously of opinion that it should be settled by legislation; and that the better reason is in favor of extending the protection. It is important to have the attendance of witnesses before committees of Congress, whose duty it is to examine them, made as easy and safe as is consistent with the ordinary administration of justice. Congress has power to compel citizens of the United States to come into the District as witnesses from the most distant States and Territories. It is not reasonable or just that a person thus brought within the local jurisdiction of the District courts, should have his civil rights affected injuriously, as they obviously might be, if he should thereby be compelled to transfer the defense of a civil suit to a distant forum, and thus be subjected to serious inconvenience and expense. The liability to such a result might often deter witnesses from attending, or induce them to evade a summons. As far as civil rights are concerned, we think the witness brought into the District by a superior power, should not be regarded as within it for any other purpose than that of giving his testimony, and that he should not have his condition changed to his prejudice on that account.

We therefore recommend the passage of the accompanying bill.

For the committee,

E. R. HOAR,
Chairman.

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A. G. BACHELDER AND ANOTHER.

MARCH 2, 1875.—Laid on the table and ordered to be printed.

Mr. HENRY B. SAYLER, from the Committee on Patents, submitted the following

R E P O R T:

The Committee on Patents, to whom was referred the memorial of A. G. Bachelder and Mrs. Alsie M. Thompson, widow of Lafayette F. Thompson, asking for the extension, for the term of seven years, of a patent for "an improvement in railroad-car brakes," report as follows, to wit:

Said invention was patented on the 6th day of July, 1852, the patent for which being issued in the name of Henry Tanner as assignee, pursuant to an arrangement made with said Tanner prior to that date by said Bachelder and Thompson, deceased, the alleged inventors of said improvement. In July, 1866, said patent was extended by the Commissioner of Patents for the term of seven years, for the benefit of said Bachelder and the widow and children of the said Thompson, deceased.

Your committee do not consider it necessary to follow said patent through its many transfers, by assignment, in whole or in part, during its existence. It has met with persistent litigation from the first, which has greatly retarded and reduced remuneration to the inventors and owners thereof. The said inventors, however, have received and secured to them not less than fifty thousand dollars from said invention, while the public has paid a very large amount therefor, of the approximate amount of which your committee is not satisfactorily informed. Not long since a decree was entered in the United States circuit court in the city of Chicago, Judge Drummond presiding, in favor of said patent, measuring the damage to said patent for its infringement at \$455 per car per annum, on which said patent or any infringing patent is used. What further steps have been taken in relation to said decree your committee is not informed. Not less than ten thousand cars in the United States have said patent, or some patent claimed to be an infringement of said patent, attached. On the basis of said decree the measure of damages for a single year in the United States amounts to the enormous sum of four million five hundred and fifty thousand dollars, and in seven years to more than thirty-one millions of dollars. The United States does not undertake that any inventor shall receive any given sum of money for a given invention, but does undertake to give to inventors the opportunity to reap a reward for their inventions. In this case the patent has been in existence for twenty-one years. Said device has been open to public use since the 6th day of July, 1873, the date of the expiration of said patent. Many manufacturers, corporations, and other persons have engaged in the manu-

facture and use of said device since said expiration, investing a large amount of capital therein. The device has gone into almost universal use. Every condition of any reasonable character has been complied with by the Government, and the parties owning the patent have an immense fund of damages for infringement of said patent out of which to secure an ample remuneration for said invention, provided said invention is a valid one. If said invention should be invalid it ought not to be thrust further upon the public by an act of Congress.

In any and every view of the memorial your committee are of the opinion that its prayer ought not to be granted, and therefore recommend that the memorial do lie on the table.

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WESTERN DISTRICT OF NORTH CAROLINA.

MARCH 2, 1875.—Laid on the table and ordered to be printed.

Mr. SPEER, from the Committee on Expenditures in the Department of Justice, submitted the following

R E P O R T :

The Committee on Expenditures in the Department of Justice, to whom was referred the resolution of the House adopted February 6, 1875, directing them "to inquire into the expenditures of the public funds in the western district of North Carolina since its organization in 1872," respectfully report :

That they have had the resolution under consideration, and find that the total expenses of the district for the year ending June 30, 1873, were \$64,948.35, of which \$50,779.35 were expended by the marshal ; and for the year ending June 30, 1874, the total expenses of the district were \$135,344.16, of which sum \$52,237.31 were for marshal's fees and expenses of serving process, and for attendance upon courts. The omission from the last report of the Attorney-General of the expenditures by the marshal of this district was explained by the Attorney-General as due to the fact that, although the western district of North Carolina was established in 1872, no provision for the appointment of a marshal thereof was made until June 22, 1874, the marshal for the eastern district serving in both districts, and all advances made to him by the Department of Justice were charged to him as marshal for the eastern district.

A communication was addressed to Hon. Robert P. Dick, judge of the western district of North Carolina, inviting him to offer, either in person or by letter, any explanation he could afford of the large expenditures of the district, and he responded by letter, attributing these expenditures to the facts that "in this district, comprising the principal part of the tobacco growing and manufacturing region of the State, violations of the internal-revenue laws were very frequent ; the prosecution and conviction, at large costs, of parties guilty of frauds upon the Cherokee Indians of Western North Carolina, and numerous Indian civil suits, which were adjusted by a commission, the expenses of which were paid by the marshal ; the arrest and conviction of a number of counterfeiters of the national currency ; resistance to deputy marshals, and suits against them for acts done under color of office, removed from the State courts to United States courts ; and the number of cases investigated by United States commissioners, which were frivolous and intended only to make fees, to an extent which made necessary the dismissal and suspension of some of the commissioners and the adoption of a rule of court, which, it is hoped, will prevent such abuses in future." Judge Dick states that, except cases under the enforcement-acts, prosecutions in his

courts have been well founded, and have resulted in convictions in three-fourths of the cases.

The committee next invited R. M. Douglas, marshal for the district, to appear before them, and summoned several witnesses who, the committee were informed, could testify to unlawful expenditures of the public funds. The witnesses were carefully examined by the committee, but nothing was elicited from them showing such expenditures or in any way affecting the character or official conduct of the marshal.

From the examination of Mr. Douglas, the marshal, it appeared that for the last fiscal year the *per diem* and other fees of the marshal and his deputies, office-rent, stationery, clerk-hire, furniture, and other expenses, including his salary of \$6,000 per annum, amounted to \$52,237.31, accounts for which, with the vouchers sustaining them, had been forwarded to, and were audited and settled at, the Treasury Department. This large expenditure was attributed by the marshal to the arrests and prosecutions of counterfeiters and the rigorous enforcement of the internal-revenue laws; and letters from the Commissioner of Internal Revenue and the collector of the seventh North Carolina district, showing the increase of revenues from distilleries and the tobacco-tax during the administration of the present marshal, were filed by him as confirmatory of that branch of his explanation.

The committee believe that the expenses of this district have been unwarrantably increased by the conduct of United States commissioners, and that more care should be observed in the appointment of these officials; and they further believe that many of the deputy marshals in this district could largely reduce their expenditures without injury to the public service. But, in the absence of specific allegations, they find nothing demanding further inquiry, and hence submit the following resolution:

Resolved, That the Committee on Expenditures in the Department of Justice be discharged from the further consideration of the resolution directing them to inquire into the expenditure of the public funds in the western district of North Carolina since its organization in 1872.

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HENRY MEYNELL.

MARCH 2, 1875.—Laid on the table and ordered to be printed.

Mr. MARTIN, from the Committee on Invalid Pensions, submitted the following

REPORT :

The Committee on Invalid Pensions, to whom was referred the petition of Henry Meynell, having considered the same, submit the following report :

It appears from the evidence in this case that the petitioner served during the late war as bugler of Company F, of the Fifty-eighth Regiment Illinois Volunteers, and also as bugler of Company D, of the Eighty-second Regiment Illinois Volunteers. Said Meynell applied for a pension on account of the loss of the left arm below the elbow ; and the Commissioner of Pensions granted him a pension at the rate of \$8 per month, commencing November 16, 1865, and at the rate of \$15 per month, commencing June 6, 1866. This pension was allowed upon affidavits, as follows :

The affidavit of Mathew Marx, late captain of Company D, Eighty-second Illinois, shows that the petitioner, while in action at Gettysburgh, Pa., on the 1st day of July, 1863, was wounded by gun-shot, in consequence of which he lost his left arm and fore-finger of right hand. The affidavit of Nichlous Nichlous, late captain Company E, Fifty-eighth Illinois Volunteers, shows that he had been acquainted with petitioner for upward of seventeen years, and at the time of his enlistment he had two good arms and two good hands. The affidavit of William Warner, late first lieutenant Company D, Eighty-second Illinois, shows that the petitioner was wounded on the 1st of July, 1863, at the battle of Gettysburgh, Pa., causing the amputation of the left arm below the elbow. The affidavit of Frederick Peters shows that the affiant was a member of Hartman's Church, Chicago, Ill., of which the petitioner was also a member, that he had been personally acquainted with the petitioner for fourteen years, and that at the time he enlisted in the Army he had two good arms and hands. The affidavits of two privates of Company F, Fifty-eighth Illinois, show that the petitioner was shot at the battle of Shiloh, by a gun-shot wound in the right thigh and in both legs below the knee.

Upon these affidavits the Commissioner of Pensions allowed the pension, and it was afterward increased according to the increase of the law. But when the petitioner made application for a further increase on account of the wound in the thigh, it was discovered that the certificate of disability, on which Meynell was discharged, showed that he had lost his arm below the elbow when he enlisted. This discovery led to an investigation of the case, which was not very satisfactory, and a second investigation made, and the pension to Meynell was suspended.

It seemed probable, however, that affidavits could be procured from

the same persons who had testified before, and upon whose testimony the pension was allowed, and, consequently, a third investigation was made by a special agent of the Pension-Office.

The developments of this last investigation showed such fraud, both on the part of the pensioner and his attorney, as should be punished under the criminal code. The following are the affidavits taken in the last investigation :

On this twenty-third day of January, 1875, at Saint Charles, county of Kane, State of Illinois, before me, G. Clemen, a special agent of the Pension-Office, personally appeared Henry M. Crawford, who, being by me duly sworn according to law, declares that his age is 54 years ; that he resides at Saint Charles, county of Kane, State of Illinois, and that he is a practicing physician and formerly surgeon of the Fifty-eighth Illinois Volunteers. When the regiment was first organized deponent was not permitted to examine the men, that duty being assigned to the surgeon of the post, Camp Douglas, near Chicago. The certificate of disability for discharge of Henry Meynell, Company F, 58th Illinois Volunteers, dated June 22, 1862, at camp near Corinth, was signed by deponent as surgeon of the regiment. The regiment was then disorganized, the 58th Illinois forming a part of the "Union Brigade." From all deponent could learn, Henry Meynell had lost his arm before enlistment. He cannot recollect what arm was lost, but believes the point of amputation was between the elbow and the wrist. Deponent is positive that Henry Meynell was not wounded while a member of the 58th Illinois Volunteers ; and he further declares that he has no interest, direct or indirect, in the claim of Henry Meynell for a pension ; and further saith not.

H. M. CRAWFORD, M. D.

Sworn to and subscribed before me this 23d day of January, 1875, and I certify that the contents were fully made known to affiant before signing.

G. CLEMEN,
Special Agent.

On this twenty-third day of January, 1875, at Chicago, county of Cook, State of Illinois, before me, G. Clemen, a special agent of the Pension-Office, personally appeared George Glassner, who, being by me duly sworn according to law, declares that his age is sixty-five years ; that he resides at Chicago, county of Cook, State of Illinois, and that he is a lawyer by profession. during the late war he was respectively first lieutenant and captain of Company D, Fifty-eighth Illinois Volunteers. The regiment having lost very heavily at the battle of Shiloh, April 6, 1862, was consolidated with remnants of the Eighth, Twelfth, and Fourteenth Iowa Volunteers, and designated as Union Brigade. Deponent was put in command of Company F, Union Brigade, said company being composed of members of Companies D, E, and F, Fifty-eighth Illinois Volunteers. Some time in June, 1862, an order was issued for all musicians and buglers to perform surgeons' field duty, and for those unable to perform such duty to be mustered out of service. In pursuance of this order, Henry Meynell, bugler of Company F, Fifty-eighth Illinois, was discharged. Deponent took him before H. M. Crawford, surgeon Fifty-eighth Illinois volunteers, for examination. Meynell had lost his left arm below the elbow prior to enlistment, and for this reason was unable to perform surgeon's field duty. His left arm was an artificial wooden one, upon the hand of which he always wore a glove. Deponent became first acquainted with Meynell April 6, 1862, the first day of the battle of Shiloh. Being ill, he remained in camp on that day in charge of those of the regiment who were unfit for active duty. Henry Meynell, bugler of Company F, Fifty-eighth Illinois Volunteers, was among these. He is most positive that Meynell was not wounded during that battle or at any other occasion while a member of the Fifty-eighth Illinois Volunteers. He knows this, because immediately after the battle deponent appointed Henry Meynell acting corporal, and devolved the duty upon him to take charge of the muster-rolls and daily reports of that portion of Company F, Union Brigade, which formerly belonged to Company F, Fifty-eighth Illinois Volunteers. At the close of the war deponent remonstrated with Capt. Frederick Keith, (Company F, Fifty-eighth Illinois Volunteers,) for enlisting such men as Henry Meynell, knowing him to have but one arm. Captain Keith admitted to have been aware of this ; his excuse was that he was anxious to fill up his company, and that Meynell could perform the duties of bugler. Several years ago Henry Meynell requested deponent to sign a paper for him, setting forth that Meynell had two natural arms when discharged from the Fifty-eighth Illinois Volunteers. This deponent refused, and told Meynell that he himself (Meynell) knew that it was not so, and that he swore to a falsehood by stating that the arm was lost at the battle of Gettysburgh. Meynell pointed laughingly to his wooden arm and said, "This is an arm, is it not ?" and stated that it was struck by a ball during the battle of Gettys-

burgh. Some time previously Meynell had told deponent he had lost his left arm by an explosion at a Fourth of July celebration in Detroit. Meynell is at present employed as janitor in the city-hall; and he further declares that he has no interest, direct or indirect, in the claim of Henry Meynell for a pension; and further saith not.

GEO. GLASSNER.

Sworn to and subscribed before me this 23d day of January, 1875, and I certify that he contents were fully made known to affiant before signing.

G. CLEMEN,
Special Agent.

On this twenty-sixth day of January, 1875, at Chicago, county of Cook, State of Illinois, before me, G. Clemen, a special agent of the Pension-Office, personally appeared Frederick Kurth, who being by me duly sworn according to law, declares that his age is sixty-six years, that he resides at 432 Ogden avenue, Chicago, county of Cook, State of Illinois, and that he became acquainted with Henry Meynell about the year 1852, in this city. When deponent first saw Henry Meynell, he had lost his left arm below the elbow. Meynell told deponent that he lost his arm by an explosion at a Fourth of July celebration, either in Cleveland or Detroit. Deponent organized Company F, Fifty-eighth Illinois Volunteers, and was commissioned as captain of the company. In October, 1861, deponent enlisted Henry Meynell as bugler of the company. To his knowledge Henry Meynell was not examined by a physician when he enlisted. It was known by every one in Company F that Meynell had lost his arm before enlistment. His left arm was an artificial, wooden arm; he was in the habit of wearing a black glove on his left hand. Deponent was taken prisoner at the battle of Shiloh, April 6, 1862, and exchanged some time in October, 1862. When deponent was captured it was between 5 and 6 o'clock in the evening; the regiment was then falling back. He believes that Henry Meynell did not participate in the battle of April 6, 1862. He is of the opinion that Meynell remained in the camp when the regiment went to the front. He is positive that Henry Meynell was not wounded at the battle of Shiloh, up to the time deponent was captured. To his knowledge he did not sign an affidavit setting forth that Henry Meynell was wounded at the battle of Shiloh, April 6, 1862. Several years ago Meynell and Frederick Hamyer (also a former member of his company) met deponent on the street and requested him to sign a statement that Henry Meynell had been a member of his company in April, 1862. He signed this statement without reading it, and is very sorry for it now, as the statement contains falsehoods. For some time past Henry Meynell has been janitor of the city-hall, and he further declares that he has no interest, direct or indirect, in the claim of Henry Meynell for a pension; and further saith not.

FREDERICK KURTH.

Sworn to and subscribed before me this twenty-sixth day of January, 1875, and I certify that the contents were fully made known to affiant before signing.

G. CLEMEN,
Special Agent.

On this twenty-ninth day of January, 1875, at Chicago, county of Cook, State of Illinois, before me, G. Clemen, a special agent of the Pension-Office, personally appeared Mathew Marx, who being duly sworn according to law, declares that his age is fifty-three years; that he resides at Chicago, county of Cook, State of Illinois; and that he is a lawyer by profession. During the late war he was captain of Company D, Eighty-second Illinois; William Warner was first lieutenant of the company; Warner was wounded at the battle of Chancellorsville, in May, 1863; thereupon he left the regiment, and from that time on never performed duty in said regiment. Lieut. William Warner was not present at the battle of Gettysburgh, July 1, 2, and 3, 1863. Henry Meynell was enlisted as a bugler in Company D, Eighty-second Illinois Volunteers. Deponent knew that he had lost his left arm prior to enlistment. On the first day of the battle of Gettysburgh, July 1, 1863, deponent was detached from his regiment, and ordered to take command of his own company and Company K, Eighty-second Illinois Volunteers, and to support a battery of artillery which was under heavy fire. Accordingly he went with said companies to such support, but Henry Meynell remained behind with the cooks. This was the last time deponent saw Meynell during the battle or during the war. At this time he was not wounded. Deponent has no personal knowledge of Henry Meynell having been wounded at the battle of Gettysburgh. In the evening of July 1, 1863, the orderly-sergeant of Company D reported Henry Meynell as wounded, and he was so borne on the rolls of Company D. Based upon this information he signed the affidavit under date of July 6, 1871, setting forth that Henry Meynell was wounded at Gettysburgh, July 1, 1863, in his left arm. That Meynell lost forefinger of right hand at Gettysburgh must have been inserted in the affidavit after

deponent executed the same. He never heard about this before, and he further declares that he has no interest, direct or indirect, in the claim of Henry Meynell for a pension; and further saith not.

MATHEW MARX,
Late Captain Company D,
Eighty-second Regiment Eighty-second Illinois.

Sworn to and subscribed before me this 29th day of January, 1875, and I certify that the contents were fully made known to affiant before signing.

Special Agent.

On this 26th day of January, 1875, at Chicago, county of Cook, State of Illinois, before me, G. Clemen, a special agent of the Pension-Office, personally appeared Frederick Minck, who being by me duly sworn according to law, declares that — age is — years, that he resides at corner Max and Carroll streets, Chicago, county of Cook, State of Illinois, and that he became acquainted with Henry Meynell in this city several years before the breaking out of the late war. Henry Meynell had lost his left arm when deponent became acquainted with him, and was then in the habit of wearing an artificial arm. Meynell informed deponent that he had lost his arm by the explosion of a cannon during a Fourth of July celebration, and that this happened either in Detroit or Cincinnati. He heard Meynell frequently speak about it. When the war broke out deponent and Henry Meynell enlisted about the same time, (October, 1861,) in Company F, Fifty-eighth Illinois. Meynell enlisted as a bugler, being unable to carry a musket on account of the loss of his left arm. When Meynell enlisted in Company F, Fifty-eighth Illinois Volunteers, it was generally known among the members of the company that he had but one arm. Deponent was wounded and taken prisoner at the battle of Shiloh, April 6, 1862. He did not hear that Henry Meynell was wounded during that battle or at any other time while serving in the Fifty-eighth Illinois Volunteers. He is confident said Meynell was not at any time wounded while a member of the Fifty-eighth Illinois Volunteers. Henry Meynell is at present watchman or janitor in the city-hall in this city; and he further declares that he has no interest, direct or indirect, in the claim of Henry Meynell for a pension; and further saith not.

FREDERICK MINCK.

Sworn to and subscribed before me this 26th day of January, 1875, and I certify that the contents were fully made known to affiant before signing.

G. CLEMEN,
Special Agent.

On this 29th day of January, 1875, at Chicago, county of Cook, State of Illinois, before me, G. Clemen, a special agent of the Pension Office, personally appeared Frederick Hameyer, who being by me duly sworn according to law, declares that his age is thirty-five years; that he resides at 362 N. Carpenter street, Chicago, county of Cook, State of Illinois, and that he was a member of Company F, Fifty-eighth Illinois. He became acquainted with Henry Meynell in the fall of 1861. Meynell was bugler of Company F. He did not know him prior to enlistment. Meynell had two hands and two arms when deponent became acquainted with him. He was in the habit of wearing gloves. Deponent does not know whether his arms and hands were artificial or natural. Deponent did not participate in the battle of Shiloh, April 6, 1862; he remained in the camp on that day, having a sore leg. Henry Meynell marched out with the company on April 6, 1862. Deponent saw him again about three or four o'clock in the afternoon of that day; he was alone then, and not with the company. Henry Meynell was not wounded on April 6, 1862. Deponent never signed a paper setting forth that Meynell was wounded on that day, because he knew that he was not wounded. He was of the opinion that the affidavit signed by him and Frederick Kurth (July 6, 1871) only set forth that Meynell was a member of Company F, Fifty-eighth Illinois Volunteers, and no more. He signed the statement without reading it. Deponent did not intend to say that Henry Meynell was wounded at Shiloh. Henry Meynell is at present employed as janitor in the city-hall; and he further declares that he has no interest, direct or indirect, in the claim of Henry Meynell for a pension; and further saith not.

FREDERICK HAMEYER.

Sworn to and subscribed before me this 29th day of January, 1875, and I certify that the contents were fully made known to affiant before signing.

G. CLEMEN,
Special Agent.

On this thirtieth day of January, 1875, at Chicago, county of Cook, State of Illinois, before me, G. Clemen, a special agent of the Pension-Office, personally appeared Matthias Greenwald, who being by me duly sworn according to law, declares that his age is 30 years; that he resides at 179 Archer avenue, Chicago, county of Cook, State of Illinois, and that during the late war he was sergeant of Company D, Eighty-second Illinois Volunteers, and afterward commissary-sergeant of the regiment. Deponent participated in the battle of Gettysburgh, July 1, 1863, as sergeant of Company D, Eighty-second Illinois, and was wounded on that day. To the best of his recollection Henry Meynell, bugler of Company D, Eighty-second Illinois Volunteers, was not with the company when it went into action on July 1, 1863—at least deponent did not see him, and believes that Meynell remained behind. The part taken by the company in the battle of July 1, 1863, consisted in supporting a battery of artillery. Deponent did not hear of Henry Meynell being wounded in the battle of Gettysburgh until some years ago, in connection with a claim for a pension. Lieut. William Warner, of Company D, Eighty-second Illinois Volunteers, left the company after the battle of Chancellorsville, (May, 1863,) and was not present when the battle of Gettysburgh (July, 1863) was fought. Henry Meynell is at present janitor of the city-hall in this city; and he further declares that he has no interest, direct or indirect, in the claim of Henry Meynell for a pension; and further saith not.

MATHEW GREENWALD.

Sworn to and subscribed before me this 30th day of January, 1875, and I certify that the contents were fully made known to affiant before signing.

G. CLEMEN,
Special Agent.

Considering these affidavits and all the other papers in the case, it appears very evident that the attorney, one C. Augustus Haviland, of Chicago, Illinois, was more to blame for the perpetration of the fraud than the pensioner himself; and was probably more active in securing, with false representations, the affidavits upon which the pension was allowed in the first instance, as these affidavits all appear in the handwriting of this attorney.

If this soldier was wounded in the service he should have the pension to which his disabilities entitle him; but he has placed himself in such a hazardous and false position that it is impossible for this committee to conclude otherwise than that his action was unbecoming a true soldier, and that he is unworthy of any gratuitous bounty from the Government.

Your committee therefore report adversely on the petition and ask that it lie on the table.

H. Rep. 276—2

WASHINGTON MARKET COMPANY.

MARCH 3, 1875.—Committed to a Committee of the Whole House and ordered to be printed.

Mr. JEREMIAH M. WILSON, from the Committee on the Judiciary, submitted the following

REPORT:

[To accompany bill H. R. 4863.]

The Committee on the Judiciary, to whom was referred the memorial of the Washington Market Company, beg leave to submit the following report :

The Washington Market Company was organized under an act of Congress approved May 20, 1870.

Section 2 of the act contains the following provisions :

That said company is hereby authorized and empowered to locate and construct a suitable building or buildings upon the following-described grounds, namely : commencing at the intersection of the center line of B street north with the west line of Seventh street west, running thence north along the west side of Seventh street to the southerly side of Pennsylvania avenue ; thence westerly along the southerly side of Pennsylvania avenue to the southerly side of Louisiana avenue ; thence westerly along the southerly side of Louisiana avenue to the east side of Ninth street west ; thence along the east line of Ninth street to the center line of B street ; thence along the center line of B street to the place of beginning ; and to use and occupy the same by the erection of a suitable building or buildings for a public market-house, including the necessary stalls and sheds, and also for stores, public halls, and such other purposes as may be determined by said company, not inconsistent with its use as a public market. The buildings herein designated to be used for the purposes of a market shall be used for no other purpose inconsistent therewith, but the same shall remain a public market as hereinbefore described.

Section 5 provides as follows :

That the plans submitted by the incorporators, as set forth in the schedule annexed to this act, and which schedule is made part of this act, and as set forth in the drawings referred to in said schedule, shall be adopted for such new buildings and market square.

The buildings described in the plans were large market-buildings on B street and Seventh and Ninth streets to be used as a market, and a large five-story building on Pennsylvania and Louisiana avenues, without specific designation of the use thereof.

The act also contains the following provisions :

SEC. 11. *And be it further enacted, &c.,* That the said company shall, within sixty days from the time it gets quiet and peaceable possession of the real estate mentioned in this act, commence work thereon, and so prosecute the same that buildings for stores, halls, market-grounds, stands, stalls, and other purposes, and all market-buildings, shall be fully completed within two years, or less, from the commencement thereof ; or in case said company shall not commence said buildings within the time aforesaid, or, having commenced, shall fail to complete the same within the time aforesaid, or, having completed the same, shall permit the same to get out of repair or become dilapidated, and should the said company fail to comply with any of the conditions of this act for the space of six consecutive months, the franchise hereby granted to said company shall be forfeited, and the rights and privileges hereby granted shall revert to the United States.

SEC. 12. *And be it further enacted*, That the privileges conferred by this act shall be enjoyed by said company for the term of ninety-nine years, unless sooner terminated for a non-compliance or abuse of the conditions herein imposed upon said company, which may be done by suit in the name of the United States, to recover possession of said property. At the end of said period of ninety-nine years, the said lands, with all the erections and improvements thereon, shall revert to the United States, unless Congress shall by law extend the period of occupation thereof by said company: *Provided*, That if the corporation of the city of Washington shall, after a period of thirty years from the approval of this act, by a vote of the councils thereof, express a desire to possess itself of the said market buildings and grounds, Congress may authorize the corporate authorities to take possession of the same upon payment to the said Market-House Company of a sum of money equal to a fair and just valuation of the buildings and improvements then standing on said grounds, and the mode and manner of ascertaining such valuation shall be determined by Congress.

SEC. 13. *And be it further enacted*, That the real estate herein described is hereby vested in the said corporation for and during the said term of ninety-nine years, or until a forfeiture of its rights and privileges by a breach of the conditions herein imposed on said company, and said estate shall be taken and considered as a determinable fee. The real and personal property of said corporation shall be subject to assessment and taxation for all District and municipal purposes, in the same manner and to the same extent that like property in the city of Washington owned and possessed by individuals is liable to assessment and taxation.

SEC. 14. *And be it further enacted*, That in consideration of the privileges granted by this act to the Washington Market Company, the said company shall pay, yearly, every year during the said term of ninety-nine years, unto the city of Washington, the sum of twenty-five thousand dollars; which sum shall be received by said city, and set apart and expended by and under the direction of the city government of said city, for the support and relief of the poor of said city and of the District of Columbia; and said city may enforce the payment of said sum from time to time as the same shall become due, either by an action at law or by the same proceedings now authorized by law for the collection of taxes by said city.

Section 17 provides :

Congress hereby reserves the right to legislate in respect to said property hereby granted, and to amend or repeal this act.

Section 15 is as follows :

SEC. 15. *And be it further enacted*, That if the corporators named in this act, or a major part of them, shall refuse or neglect, for sixty days from and after the passage of this act, to accept the franchise hereby created, or if, having accepted the same, they shall have forfeited the same within two years from and after the passage of this act, then and in that case it shall and may be lawful for any citizens of the city of Washington, to the number of twenty or more, to associate themselves together by articles in writing subscribed by them, whereby they shall undertake and agree to accept the franchise conferred by this act and to perform all the conditions therein imposed; said articles shall be recorded in the office of the register for the city of Washington, and thereupon such associates shall become a body corporate and be invested with all the rights, privileges, and immunities conferred by this act upon the corporators named therein.

The corporators named in the act having accepted the franchise, but failed to fulfill its requirements, the present company was organized and took possession of the grounds about December, 1870; commenced work on these market-buildings in the beginning of 1871, and completed them before July 1, 1872; but no building has been erected by the company, as contemplated, fronting on Pennsylvania and Louisiana avenues.

When Congress passed the act authorizing the organization of this company and granting the land as provided therein, there were buildings on the land occupied for market-purposes. Section 10 made provision for the company to obtain absolute possession of the land free from all rights of others, which it was manifestly necessary the company should have in order to complete the buildings required within the time specified. That section is as follows :

SEC. 10. *And be it further enacted*, That the said company is hereby required to purchase and pay for all buildings and fixtures which may be upon the above-mentioned ground belonging to individuals, within a reasonable time after the passage of this

act, the price of which shall be agreed upon by the president and directors of said company and the owners (should they demand any pay therefor) of the aforesaid buildings and fixtures; and whenever the president and directors and the owners of said property cannot agree as to the price of said buildings or fixtures, then, in such case, the company shall select one competent person, and the owner shall select one competent person, and they, the two, shall choose a third one, who shall proceed to value the buildings and fixtures, and a decision of a majority of the three shall be final as to the value of said property, and the amount so agreed upon shall be paid to the owner thereof before the same is removed from the grounds aforesaid. That in case the owner of said property will neither sell said property nor choose an arbitrator, as aforesaid, to value said property, after ten days' notice so to do, then, in such case, the said company may proceed to remove the same to some place off said grounds without being liable to an action for damages.

But these buildings having been entirely destroyed by fire, on the 20th of December, 1870, Congress passed the following joint resolution:

JOINT RESOLUTION relative to the Center Market in Washington.

Be it resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the chairmen of the Committees on Public Buildings and Grounds of the Senate and House of Representatives, with the mayor of Washington, be, and hereby are, constituted commissioners to require the Washington Market Company, organized under the fifteenth section of the act of May twentieth, eighteen hundred and seventy, promptly to furnish temporary market accommodations for the marketmen who were driven out by the late fire; and also to erect at the earliest possible day the first stories or market portions of the permanent market-buildings provided for in said act; and that said commissioners be authorized to make such alterations in the buildings and such arrangements with said company as shall be best calculated to secure the speedy erection of buildings creditable to the city, and sufficiently commodious for all the wants of the public: *Provided, however,* That the passage of this resolution shall not be construed to supersede, delay, or in any way affect the pending investigations into the affairs of said company, nor to relieve the company or any person from consequences of any acts under investigation.

Approved December 20, 1870.

It will be noticed that this resolution provided that the market company should do two things—

1st. Promptly furnish temporary market accommodations for the marketmen.

2d. Erect at the earliest possible day the first stories or market portions of the permanent market buildings.

These things were required by Congress, and Congress having the right to amend or repeal the original act, the company was bound to obey.

But the permanent market-buildings were by the act of incorporation to be on that portion of the land fronting on B street between 7th and 9th streets, consequently the "temporary accommodations" must be erected upon that portion of the land on which the other buildings were to be erected. The company had no power or authority to go elsewhere to furnish these temporary accommodations.

It will therefore be perceived that this joint resolution made a very radical change in the law governing this company. By the original act they were authorized to procure absolute control over the whole of the land so that they might go forward with the erection of all of the buildings required by the act, while, by this joint resolution, they were compelled to place temporary structures on a part of the land for use by the market-men while the permanent market-buildings were being erected. It deprived them of the power to proceed with the erection of the buildings on Pennsylvania and Louisiana avenues, until the permanent market-buildings could be completed and made ready for occupancy.

The temporary accommodations required were provided, and in the spring of 1871 the erection of the permanent buildings was commenced,

and they were completed in the summer of 1872, substantially in accordance with the plans annexed to the charter.

The act of Congress of March 3, 1873, making appropriations to supply deficiencies, contains the following provision :

For the purchase by the United States of the interest of the District of Columbia in the present city-hall building in Washington, now used solely for Government purposes, such sum as may be determined by three impartial appraisers, to be selected by the Secretary of the Interior, not exceeding seventy-five thousand dollars, the same to be applied by said District only for the erection of a suitable building for the District offices; and the governor and board of public works are authorized, if they deem it advisable for that purpose, to make arrangements to secure sufficient land fronting on Pennsylvania and Louisiana avenues, between Seventh and Ninth streets: *Provided*, That the Government of the United States shall not be liable for any expenditures for said land, or for the purchase-money therefor, or for the buildings to be erected thereon; and no land, or the use thereof, is hereby granted for the purpose of erecting any building thereon, for such building.

Pursuant to this provision, the following agreement was, on the 18th of March, 1873, entered into between the governor and the board of public works of the one part, and the market company of the other part:

[Memorandum of agreement.]

Governor and board of public works with the Washington Market Company.

In pursuance of the act of Congress of March 3, 1873, authorizing the governor and board of public works, if they deem it advisable, for the purpose of erecting thereon a suitable building for District offices, to make arrangements to secure sufficient land fronting on Pennsylvania and Louisiana avenues, between Seventh and Ninth streets, it is hereby agreed that—

1. The Washington Market Company shall by good and sufficient quit-claim deed release and convey to the District of Columbia all the right, title, and interest of said company, acquired under act of Congress of May 20, 1870, incorporating said company, in and to so much of the land within said District described in section two of said act, and fronting Pennsylvania and Louisiana avenues, as is contained within the following limits:

Beginning at the southwest corner of Seventh street and Pennsylvania avenue, thence westerly along the southerly side of Pennsylvania avenue to its intersection with the southerly side of Louisiana avenue; thence westerly along the southerly side of Louisiana avenue to the east side of Ninth street; thence along the east line of Ninth street eighty-six feet; thence easterly on a line parallel with the aforesaid southerly line of Louisiana avenue to a point eighty-six feet south of said intersection of the southerly lines of Pennsylvania and Louisiana avenues; and thence on a line parallel with the aforesaid southerly side of Pennsylvania avenue to the westerly line of Seventh street, at a point eighty-six feet from the corner began at; thence northerly along the west line of Seventh street eighty-six feet, to the corner began at.

The Washington Market Company shall also, in said deed, convey to said District the right to use in common with said market company as a passage-way and courtyard all the land between the lot conveyed in said deed and a line drawn westerly from Seventh to Ninth street, ten feet north of the north walls of the present Seventh and Ninth street buildings of said market company.

2. In consideration of the aforesaid release and conveyance by the Washington Market Company to the District of Columbia, the District will assume and fulfill all obligations imposed upon the company by section fourteen of said act of May 20, 1870, (as modified by act of the legislative assembly of the District of August 23, 1871,) except as follows:

The market company shall pay annually to the District of Columbia during the term and for the purposes mentioned in said section fourteen the sum of seven thousand five hundred dollars, payable quarterly, which sum shall, during said term, be in the place of all rental for the ground occupied by the market buildings of said company; and in case in any year the general District taxes upon said ground and market buildings shall exceed five thousand five hundred dollars, the excess above that amount shall be deducted from said rental of seven thousand five hundred dollars, so that the total annual payments for rental and taxes shall not exceed thirteen thousand dollars; the District, however, not hereby releasing, but expressly reserving, and the market company hereby confirming, the right of the District, given by section two of the act of May 20, 1870, of fixing and controlling for the protection of the market-lealers and of the public the amount of rentals of the stalls and stands

in said market-buildings; and it is also hereby agreed that the annual rental of stalls and stands in the other markets in the city of Washington shall not be fixed by the District authorities at a lower rate per square foot of area than seventy per cent. of the rate fixed under said section for stalls and stands in the market-buildings of said company; and the District shall not use the land released and conveyed as aforesaid for the purpose of a market.

This agreement shall take effect April 1, 1873, and the market company shall at once settle its past rental account to that time at the rate, since August 23, 1871, fixed by the resolution of the legislative assembly of that date; and shall immediately pay the balance due the treasurer of the District.

Possession of the land conveyed shall be given the District upon the day of executing this agreement.

Dated at Washington, March 18, 1873.

WASHINGTON MARKET COMPANY,
By M. G. EMERY,

President.

H. D. COOKE,

Governor,

ALEX. R. SHEPHERD,

JAMES A. MAGRUDER,

S. P. BROWN,

ADOLF CLUSS,

Board of Public Works.

Pursuant to this agreement, a deed was executed by the market company to the District of Columbia on the same day, which was duly delivered and recorded.

On the 14th of May, 1873, the governor, H. D. Cooke, sent a message to the legislative assembly of the District, transmitting a copy of the provision in the appropriation act of March 3, 1873, and of the agreement of the governor and board of public works with the company, and the deed of the company to the District, and also stated as follows:

Acting under the authority of this act, arrangements have been made with the Washington Market Company for the conveyance by the company to the District of land sufficient for the erection of the District building, including the whole front on Pennsylvania and Louisiana avenues, between Seventh and Ninth streets, and extending southwardly eighty-six feet on each of those streets, together with the right to use, for a court-yard and passage-way, all the land between the District land and a line ten feet north of the north wall of the present market-buildings of the company. The agreement of the governor and board of public works with the company, and the deed of the company to the District, are dated March 18, 1873, and copies are transmitted herewith.

The only difficult point in the negotiation with the company was the determination of the proportions of the rental (to be realized from the whole grounds for the support of the poor of the District) which should be assumed by the District and borne by the company, respectively. The proportions were, however, at last fixed by a consideration of the respective values of the land conveyed to the District and retained by the company, as heretofore determined by the District assessors for purposes of taxation; and the agreement as finally executed is believed to be just to both parties.

The District legislature on the 26th day of June passed an act appropriating the \$75,000, and also \$15,000 in addition, making \$90,000 in all, for the construction of a District building, in accordance with the agreement of the governor and board of public works with the market company, which act is as follows:

Act of June 26, 1873, making appropriations.

For the erection of a suitable building for the District offices, under the direction of the governor and board of public works, ninety thousand dollars: *Provided*, That seventy-five thousand dollars of this amount shall be drawn from the United States Treasury, in accordance with appropriation made by the act of Congress approved March third, eighteen hundred and seventy-three, entitled "An act making appropriations to supply deficiencies in the appropriations for the service of the Government for the fiscal year ending June thirtieth, eighteen hundred and seventy-three, and for other purposes;" and the governor is hereby authorized to draw said appropriation from the

United States Treasury and deposit the same in the treasury of the District of Columbia, to be used for the purposes herein named: *And provided further*, That the appropriation hereby made shall be drawn by warrant of the board of public works, and applied by them in the erection of a building for the District offices, and for no other purpose whatever, fifteen thousand dollars.

In accordance with the arrangement between the governor and board of public works and the market company, the District government took possession of the front land on Pennsylvania and Louisiana avenues, and commenced laying the foundation for the District building, but suspended the same in May, 1874, at the request of the Committee on Public Buildings and Grounds of the Senate.

The question before this committee is whether or not, by reason of any fact hereinbefore recited, the Washington Market Company has forfeited any of its chartered rights, or taken any action which calls for additional legislation by Congress. The only grounds of forfeiture which have been suggested are, (1,) That the company failed to build all its buildings within two years from the commencement thereof, as required by the charter; (2,) That the arrangement made by the company with the Government and board of public works for the transfer to the District of the front land on Pennsylvania and Louisiana avenues was not authorized by the act of March 3, 1873, and was therefore such an illegal act as works a forfeiture of some or all of the rights of the market company.

With reference to these propositions we submit—

I. The permanent market-buildings were erected within the time required by law; and therefore the only question is whether a forfeiture has occurred by reason of the failure to erect the front buildings intended for offices, &c.

It seems to your committee to be almost too plain for argument, that after the passage of the resolution of December 20, 1870, the limitation fixed by the statute, within which these buildings should be erected, was removed, and that the company had a reasonable time within which to erect them after the permanent market-buildings had been completed. When Congress, by that resolution, compelled the company to place structures upon the site to be occupied by these buildings, and to keep them there until the permanent market-buildings could be erected, thereby depriving them of a part of this very time, and necessarily, because of the magnitude of the permanent structures, of a very large part of it, it most manifestly relieved this company of its obligation to build these front buildings within the time specified. Congress gave them two years originally, but afterward took away from them, arbitrarily, the right for a portion of those two years to do thereon what had been required. Time was of the essence of this contract. Congress took it away from them, and thereby prevented them from doing what they were originally required to do. Yet it is proposed, because of the failure, under these circumstances, to erect the front building within two years, to declare that the charter has been forfeited.

That the sovereign that must always do right (for “the King can do no wrong”) could entertain such a proposition for a moment is hardly conceivable.

We therefore conclude that the result of the enactment of that joint resolution was to give the company a reasonable time after the completion of the permanent market-buildings, within which to erect the others required by the charter.

Whether or not a reasonable time has elapsed, is not a material question in view of the second reason urged for a forfeiture, viz:

II. Does the conveyance to the District of Columbia of the land on which the unerected buildings were to stand work a forfeiture?

Was that transfer illegal? And even if it was, is Congress in a position to take advantage of it? Is Congress in a position by its own act, which forbids it, without a breach of good faith, to make a declaration of forfeiture?

We here repeat so much of the act of 1873 above quoted as is necessary to a proper consideration of these questions. After making an appropriation of \$75,000 to purchase the interest of the District in the city-hall buildings, and providing that the money should be applied to the erection of suitable buildings for District offices, the following language is used: "And the governor and board of public works are authorized, if they deem it advisable for that purpose, to make arrangements to secure sufficient land fronting on Pennsylvania and Louisiana avenues between Seventh and Ninth streets," &c.

Under this act the arrangement was made with the market company, above set forth, for the land on which the front buildings were to be erected by the market company. This land is the only land that could be referred to in the language used in the act of 1873, as must be apparent to any one familiar with that part of the city.

We insert here communications on the subject from those familiar with this business, from which it appears that, when this provision was pending in committee, it was well understood that the land in question was to be secured by the District government:

WASHINGTON, D. C., *February 13, 1875.*

SIR: The statements contained in your memorial as to the transfer of the frontage of your market company's grounds to the District are correct.

It was expressly stated before the House Committee on Appropriations that the money appropriated to pay the District's interest in the city-hall was to be applied to the erection of a building, adapted to the needs of the District, on this ground.

The transfer was based on the assessed value, was a fair business transaction, equitable and just, and to the advantage of the District, which now pays more than \$15,000 rent for buildings occupied by its offices, none of which are fire-proof.

The committee in charge of the matter who reported the appropriation did it advisedly, and approved of the plan. There was no concealment or misrepresentation on the part of the market company or District authorities. It is the best thing that can be done now, as it was then; is a sensible, judicious disposition of the matter, and should be carried into effect.

Respectfully,

A. R. SHEPHERD.

W. E. CHANDLER, Esq.

WASHINGTON, D. C., *February 13, 1875.*

DEAR SIR: I have received your note, inclosing copy of the memorial to Congress by the Washington Market Company.

The facts contained in the memorial are substantially correct according to my recollection and knowledge. There never was any doubt in my mind that the act of Congress contemplated the front land of the market company, and fully authorized the arrangement made by the market company and the District authorities.

The judges of the supreme court of the District were before the House Committee on Appropriations, and advocated the purchase by the United States of the interest of the District in the city-hall building; and I also appeared, with other members of the District government, before the committee for the same purpose. According to my recollection it was distinctly stated to and understood by the committee that if the appropriation was made to be applied for the purpose of erecting a suitable building for the District offices, it was the intention of the District authorities to arrange and build the same on the front land of the market company.

The arrangement made by the governor and board of public works with the market company was, I believe, just and fair to both parties; and I still believe that it is very desirable and important for the welfare of the District that a suitable and elegant building for the District offices should be erected upon the land in question, which is the only available lot having large frontage in the central portion of the city.

Very truly yours,

H. D. COOKE.

Hon. W. E. CHANDLER.

1421 I STREET,
Washington, February 13, 1875.

SIR: I herewith inclose a letter from Hon. A. R. Shepherd, showing that it was distinctly stated to the House Committee on Appropriations that the provision in the act of March 3, 1873, was intended to authorize the procurement, for the purpose of a District building, of the front land of the Washington Market Company on Pennsylvania and Louisiana avenues, between Seventh and Ninth streets.

I also desire to state that the provision was before the Senate in the form of a printed amendment to be proposed to the appropriation bill, and was fully understood to apply to the land of the market company by Senator J. W. Patterson, chairman of the Committee on the District of Columbia. Senator Patterson also took a copy of the provision to Senator Morrill, then, as now, chairman of the Committee on Public Buildings and Grounds, and conferred with him about it, and informed me that Senator Morrill approved the provision and would support it. Senator Morrill had also repeatedly, orally and in writing, expressed himself in favor of making an arrangement for the transfer of the whole of the city-hall building to the United States, and the erection of a building for the District offices upon the front land of the market company.

Very respectfully, yours,

WM. E. CHANDLER.

HON. JEREMIAH M. WILSON,
House of Representatives.

By referring to the debate in the House March 1, 1873, on this very paragraph, (Globe, page 1994, part 3, and appendix, 3d sess. 42d Congress,) it will be seen that the House understood it to mean that this land was to be acquired.

It was therefore not only the only land that could have been in contemplation, but it was distinctly understood, when the act was passed, that it was the land to be secured under its provisions.

It may, however, be said that this question is to be determined by the language of the act itself, and not by the debate, and as it is claimed that the language itself does not describe this identical land, the facts disclosed by the debate are not available as aids in ascertaining what land was intended.

That would be, to use a mild term, a position unworthy of Congress. Congress is now called upon to deal with its own act. If Congress inserted this paragraph in this bill, Congress knew that some land was contemplated and what land was contemplated. It is now proposed that it shall take action on this subject. If the language is indefinite, Congress made it so; used just such phrases as suited its own fancy; and it is not only competent but exceedingly pertinent that it should avail itself of its own knowledge of its intention and be guided by what it *intended then*, in what it does *now*. What Congress desires to do, and must do, is to carry out in good faith what was well understood to be intended at that time.

But the objection has been made that while this language authorizes the governor and board of public works to acquire this land, still it did not confer upon the market company the right to dispose of it, and therefore, not having that right, the conveyance wrought a forfeiture.

This proposition, it seems to us, is unsound. If the authority is granted to *acquire*, it must by implication confer the right upon the other party to *convey*. There could be no acquisition without a conveyance; and Congress would convict itself of the merest idling and trifling were it now to assume that it meant that one party might acquire the land, but that the power to convey it was not granted. If this were a case where outside parties were wrangling over the construction of a statute, such a position would be scarcely pardonable, but for Congress when dealing with its own laws to assume such a position, would be to the last degree inexcusable. But if it is insisted that Congress shall

stand by the strict letter of the law, we still are of opinion that the position assumed is untenable. We cite the following maxims of the law:

In the construction of a doubtful law the contemporaneous construction of persons appointed to execute it is entitled to great respect. 12 Wheat., 210; 1 Bl. C. C., 218.

That which is *implied* in a statute is as much a part of it as that which is *expressed*. 1 Black, 61; 1 Wall., 221; Dwarris, 145.

It has been decided that declaring the rate of interest on bonds issued by a city, implies that the city may issue such bonds. 1 Wallace, *supra*.

Whenever a statute gives or provides anything, the common law provides all necessary remedies and requisites. Dwarris, 123.

Where a power is given by a statute, *everything necessary to the making of it effectual is given by implication*. Dwarris, 123; 2 Inst., 306; 12 Rep., 130, 131.

We are of opinion that, both upon reason and authority, the right given by this act of 1873 to the governor and board of public works to acquire this land, gave the Market-House Company the right to convey it, and therefore that no act should be passed by Congress, either declaring a forfeiture, or directing proceedings to be instituted in the courts to procure a forfeiture because of this conveyance. Congress would stultify itself if it did so.

Unless it shall appear that the agreement or arrangement that was made is invalid for some reason entering into the agreement itself, we can see no reason why it is not binding upon the District and the company.

Congress may, for whatever reason it may deem proper, set aside this whole business. Whether the agreement by which the company, in consideration of this land, was released from the payment of a part of the \$25,000 to the poor-fund of the District is one which should not be sanctioned, is a question of fact that we do not assume to decide because of the lack of information, and the means of obtaining it, in regard to the relative value of the land still held by the company and that conveyed. If, however, any action is to be taken by Congress, inasmuch as the District is in no condition to erect the buildings, it seems to your committee that it would be better to reclaim the unoccupied portion, if the company does not propose to build upon it, and to appoint suitable persons to fix the amount that the company shall pay per annum as the ground-rent for the portion retained, and for that purpose the committee recommend the passage of the accompanying bill.

H. Rep. 277—2

DEPARTMENT OF JUSTICE.

MARCH 3, 1875.—Laid on the table and ordered to be printed.

Mr. SENER, from the Committee on Expenditures in the Department of Justice, submitted the following

REPORT:

The committee on so much of the public accounts and expenditures as relate to the Department of Justice, submit the following further and final report of their actings and doings, as required by the 103d rule of the House, prescribing their duties.

This committee was created on the 16th of January, 1874, but the members thereof were not appointed until the 19th January, 1874, and not until the 14th March following was it fully organized for work by the appointment of a clerk and the assignment of a committee-room. Its first work, and that which has occupied the most of its time and attention, grew out of the resolution of the House of the 16th February, 1874, authorizing the committee to inquire into the expenditures and disbursements of the western district of Arkansas, from its organization in 1871. It is not necessary here to do more than to allude to the fact that some eight weeks of the time of the committee were thus occupied, leaving it but little time at the last session to examine and report upon the general subjects of inquiry committed to it by the rule of the House under which it was organized. In addition to the protracted investigation into the expenditures of the western district of Arkansas, during the last and the present sessions, it has investigated specially the matters connected with expenditures in the southern district of Georgia, southern district of Illinois, the middle district of Alabama, the district of Nebraska, the northern district of Georgia, and the western district of North Carolina. The result of these special investigations has been the suggestion of legislation, which, in the judgment of the committee, will tend in the future to correct many of the abuses in the making up and payment of the marshals' accounts, which form the largest part of judicial expenditures in the courts of the United States. In these different investigations, and in other work of the committee, some sixty meetings have been held, and at times the committee have held meetings twice a day.

HISTORY OF COMMITTEES ON EXPENDITURES.

Before speaking to the work of this committee or the expenditures of this Department, it may not be inappropriate to refer to the history of the committees on expenditures in the several Departments, the occasion of their creation, and the duties assigned to them. On the 24th February, 1814, a committee on the public expenditures was organized at the instance of the Committee on Ways and Means, Mr. Epps, of Virginia, reporting the resolution in favor thereof, and stating that the

duties which would be assigned to this committee would fully occupy it during the session, and that it was necessary to relieve the Committee on Ways and Means of much of the business referred to it, which it was unable properly to consider, and at the same time the Committee on Ways and Means was discharged from the consideration of such duties as were embraced in the resolution creating the Committee on Public Expenditures. At that time the Committee on Ways and Means was charged not only with the duty of raising revenue but also with the duty of providing the necessary appropriations for the different Departments of the Government. The Committee on Public Expenditures, though authorized to be created in 1814, and though it was expected to be a valuable adjunct of the Committee on Ways and Means, as the annals of Congress of that day show, did not present its first report until the 3d March, 1817. In the mean time, on March 30, 1816, Committees on Expenditures in the Post-Office, War, Navy, State, and Treasury Departments, and on Public Buildings, were created. The discussion which took place at the time showed on the part of the members that doubt was entertained whether any good would result from the organization of such committees. There were already, it was said, accountants of the Departments and a Comptroller over them, and it was thought to be useless to appoint committees of Congress to inspect the accounts after the money had been paid; and, furthermore, it would be impracticable for the committees to act efficiently unless they sat all the year. Even at that day investigations were ordered, it was said, in which a large amount of money was paid for printing, and after all there was not a resolution or any other proceeding predicated on the examination. Those who advocated the organization of such committees contended that experience in Virginia and other States, and also in England, proved the utility of such committees; that clamors and suspicions had gone abroad, and although they might not be well founded, still they rendered inquiry necessary, to the end that if anything were wrong in the public accounts, the Government ought to know it, and the evil be corrected, and even if the committee only entered into a general, and not a minute, detailed investigation of those accounts, much good would still result, as it would tend to correct frauds or errors, if any, and that it was the duty of the popular branch of the Government to inspect the money concerns and see that they were correctly and faithfully conducted. After this discussion those committees were ordered and their duties prescribed in the following words, to wit:

“It shall be the duty of the said committees to examine into the state of the accounts and expenditures respectively submitted to them, and to inquire and report particularly whether the expenditures of the respective Departments are justified by law; whether the claims from time to time satisfied and discharged by the respective Departments are supported by sufficient vouchers, establishing their justness both as to their character and amount; whether such claims have been discharged out of funds appropriated therefor, and whether all moneys have been disbursed in conformity with the appropriation laws; and whether any, and what, provisions are necessary to be adopted to provide more perfectly for the proper application of the public moneys, and to secure the Government from demands unjust in their character or extravagant in their amount. And it shall be, moreover, the duty of said committees to report, from time to time, whether any, and what, retrenchment can be made in the expenditures of the several Departments without detriment to the public service; whether any, and what, abuses at any time exist in the failure to enforce the payment of moneys which may be due to the United States

from public defaulters and others; and to report, from time to time, such provisions and arrangements as may be necessary to add to the economy of the several Departments and the accountability of their officers."

THEIR OPERATION AND REPORTS.

Notwithstanding committees of this character were thus early in the history of our Government considered so important, and their duties so accurately defined, an inspection of the records and the annals of Congress discloses the fact that, in the nearly sixty years intervening since the authority for their creation, only 31 reports have been presented, responsive to the very rigid requirements of this rule; and, as it was predicted at the organization of these committees, those reports have been general and cursory. There has never been any effort, it would seem, to keep them up regularly year by year. They have almost, of late years, fallen into disuse. There have been, altogether, of such reports of the committees on the several Departments, the following, to wit:

Of Expenditures in the Department of State, 1 in 1822, 1 in 1825, 1 in 1828, 1 in 1830, 1 in 1838, 1 in 1844—6.

Of Expenditures in the Treasury Department, 1 in 1830, 1 in 1831—2.

Of Expenditures in the War Department, 1 in 1831, 1 in 1860, 1 in 1872—3.

Of Expenditures in the Navy Department, 1 in 1821, 1 in 1825, 1 in 1830, 1 in 1831, 1 in 1833, 1 in 1834, 1 in 1860—7.

Of Expenditures in the Post-Office Department, 1 in 1819, 1 in 1831, 1 in 1845—3.

Of Expenditures in the Department of the Interior there have been no reports.

Of the Committee on Public Expenditures, there have been three: 1 in 1817, 1 in 1832, 1 in 1842.

Of the Committee on Public Buildings, eight: 1 in 1822, 1 in 1824, 1 in 1836, 1 in 1837, 1 in 1838, 1 in 1840, 1 in 1844, 1 in 1862.

Thus it will be seen that the reports of these committees do not average one a session; indeed, but little more than one a Congress, for all the Departments. Hence your committee have had but few precedents to guide them. Your committee find that as early as 1821, the Committee on Expenditures in the Navy Department, in submitting their final report to that Congress, say, that experience heretofore, during six years, (the length of time that those committees had existed,) had given abundant proof that they are inefficient for the purpose of their creation, and that such work as is confided to them could be accomplished only by leave for them to sit during the recess; and they further say that it is easy to believe that much money might be saved annually to the public coffers by the labors of a faithful and zealous committee, which would examine minutely and without favor, and expose to public view and public indignation, the peculators of the Treasury, if any such there be; and this committee further say that they had attempted nothing like an examination of all the expenses in the Navy Department, but had only turned their attention to those passing under the immediate view of Congress, or to such as, by accident, their attention had been directed to. In 1822, on the 27th of April, the Committee on Public Expenditures say that they addressed notes to the several heads of Departments, requesting from each an expression of any existing imperfections tending to the increase of expenditures. They say that to their request, so respectfully made, no answer was received which was worthy of being reported.

Even at that day these committees stated that certain publications appeared in some of the gazettes of the country, charging many acts of favoritism, and frauds and defalcations, in the management of the fiscal concerns of the nation, and of the misapplication of public money. The committee say further that they sifted thoroughly those charges, and that many of the charges are not well founded; but, on the other hand, they say there has been in some cases a degree of negligence on the part of the officers engaged in the management and collection of public money for which no good reason can be assigned, and that considerable losses will result therefrom. The first report on the expenditures in the Treasury Department covered only the report of the contingent expenses, without comment or criticism.

Your committee have thus referred to all of the earlier reports from committees of the House of this character, first, to show how difficult are the duties assigned to them, and, secondly, how few of them have complied, as far as the records will show, in making to the House the annual reports which the rules and their duty required.

Your committee believe that these committees should be active and not dormant, and so thinking they have given all of the time and attention at their command to the duties assigned to them.

EXPENDITURE OF THE JUDICIARY FUND.

In response to the first duty enjoined by the 103d rule, your committee would say that it is very difficult, if not almost impossible, for any committee, in the limited period of a Congress, to determine either whether the expenditures in the respective Departments are justified by law; whether the claims, satisfied and discharged, are supported by satisfactory vouchers, both as to character and amount, and whether such claims have been discharged out of funds appropriated therefor; and whether all moneys have been disbursed in conformity with appropriation laws.

The appropriations and expenditures for this Department, as shown by the reports of the Attorney-General, have been as follows:

The appropriations for the fiscal year ending June 30, 1871, were \$3,714,136.95, and the payments for the same period were \$3,035,946.96, and the contingent expenses for the year were \$16,615.04.

The appropriations for the fiscal year ending June 30, 1872, were \$3,200,000, and the payments for that year were \$3,076,332.56; of which there was paid to marshals, \$2,251,789.56; to clerks, \$78,094.26; to district attorneys, \$229,465.29. The contingent expenses for the year were \$22,550.50.

The appropriations for the fiscal year ending June 30, 1873, were \$3,030,873.27, and the payments were \$3,030,868.85; of which there was paid to marshals, \$2,472,665.13; to clerks, \$94,991.69; to district attorneys, \$246,455.74. The contingent expenses for the year were \$21,991.52.

For the fiscal year ending June 30, 1874, there was appropriated \$3,000,000, and the payments were \$2,669,730.81; of which sum there was paid to marshals, \$2,071,332.18; to clerks, \$89,063.85; to district attorneys, \$275,476.90. The appropriation for the contingent fund was \$21,000, all of which was used.

The payments for these several years may not be stated with entire accuracy, as the Attorney-General's report presents the aggregate sum recommended by him to be advanced from the Treasury upon the requisitions of marshals.

EXPENDITURES BY UNITED STATES MARSHALS.

The bulk of expenditures in the Department of Justice is thus shown to be for the payment of marshals and their expenses, which include the payment of jurors and witnesses and the expenses of the arrest, transportation, and the keeping of prisoners.

The accounts of these expenses are made up by the 64 different marshals in the different States and Territories of the United States, including the District of Columbia, and are for all the expenditures for that purpose in both the circuit, district, and territorial courts, including the courts of the District of Columbia. The accounts for that purpose are paid at the Treasury only after they have first been sworn to by the marshal or deputy marshal, and certified by the circuit, district, or territorial judge, as the case may be, and audited by the First Auditor, and allowed by the First Comptroller; and yet, as in the case notably of the western district of Arkansas, gross frauds have crept in. Not only there, but in the southern district of Mississippi, also, frauds have been perpetrated, as your committee are advised by the report of Clinton Rice, esq., of an investigation made there by order of the Attorney-General, the conclusions of which have been sustained, as your committee are informed, by the removal of the marshal; but they have not had time to do more than to read the report which has been transmitted to them at their request by the Attorney-General. Action of Congress, if any should be deemed necessary in this matter, must be reserved for a future Congress.

It is impossible, as the law has been heretofore, for the Department of Justice, or for the Auditor and Comptroller, adequately to protect the Treasury from fraud and fraudulent claims on the part of the marshals. The Attorney-General allows those marshals to draw upon their requisitions a certain amount not in excess of their bonds, heretofore \$20,000, to pay court expenses, and, from time to time, they send forward to the Auditor and Comptroller accounts of their disbursements approved by the judges of the respective courts. It would seem impossible that fraudulent vouchers could ever pass the approval of the different judges of the district and circuit courts of the United States, and yet in the case of the western district of Arkansas and southern district of Mississippi this has been accomplished. Whether in other parts of the United States the same thing has been done the time of this committee has not been adequate to discover, nor have they means at hand. It is true the committee has power to send for persons and papers, but from the very nature of the case, the evidence that would lead to the detection of fraudulent accounts of marshals can only be obtained from those who conspire to defeat and defraud the Government. Heretofore no duplicates of accounts were required to be kept in the clerks' offices. No record of the allowance or disallowance of those claims in open court was had, and a mere certification of their correctness upon the single affidavit of the claimant was all that was required to pass them by the proper accounting officers for payment under the law.

Your committee believe that the act which originated with this committee, and is now a law, the title of which is "to regulate the fees and costs of marshals, attorneys, and other officers," if honestly administered by the courts, would tend, in a great measure, if not entirely, to the correction of evils which have grown out of the marshals' accounts, and they believe that, as far as they can now see, that act answers what is required of the committee by the fourth definition of duty in the 103d rule, which is, "whether any, and what, provisions are

necessary to be adopted to provide more perfectly for the proper application of the public moneys, and to secure the Government from demands unjust in their character or extravagant in their amount."

EXPENDITURES FOR DISTRICT ATTORNEYS AND ASSISTANTS, CLERKS,
AND UNITED STATES COMMISSIONERS.

In addition to the marshals' expenses a large sum is annually taken up in the payment of the sixty-four district attorneys, and the fifty-seven assistant United States district attorneys, the sixty-seven clerks of the circuit, and the seventy clerks of the district courts of the United States, besides the nine clerks of the supreme courts of the Territories, and the twenty-six clerks of the district courts of the Territories, and the "noble army" of 1,770 United States commissioners throughout the United States.

As touching this latter class your committee have been much embarrassed to devise legislation to cure the great evil, as they conceive, of the unnecessary number of these officials, averaging, as they do, about thirty to each judicial district, a number, in the judgment of your committee, largely in excess of the requirements of the judicial service of the country, and tending greatly to the increase of judicial expenditures, since they, in great part, live and thrive by the number of warrants they issue, and the amount of business they do, and in some instances it has been shown, and in many instances it is believed, that they have issued warrants solely for the purpose of procuring fees. But this is a matter which must rest at last in a sound judicial discretion, and any legislation tending to diminish their number or to fix the number arbitrarily, would, in some districts, work an injustice. Your committee can only hope that with the attention of the judiciary and the country called to this matter, every judge will feel himself in duty bound specially to see to it that hereafter only such number of these officials is retained in each district or circuit as may be absolutely indispensable to the carrying on of the public business of the country.

DISTRICT ATTORNEYS AND THEIR ASSISTANTS.

There is another source of expenditure which your committee find rests in the discretion of the Attorney-General, and to which they feel it their duty to allude, namely, the large number of assistant United States attorneys, numbering, as shown by the last report of the Attorney-General, sixty-one in the different courts of the United States, being an annual charge, according to the same report, of \$147,000, in addition to the compensation of nine of them, which is undetermined. The authority for their employment is to be found in an act approved August 6, 1861, Revised Statutes, § 363, which reads as follows:

"The Attorney-General shall, whenever in his opinion the public interest requires it, employ and retain, in the name of the United States, such attorneys and counselors at law as he may think necessary to assist the district attorneys in the discharge of their duties, and shall stipulate with such assistant attorneys and counsel the amount of compensation, and shall have supervision of their conduct and proceedings."

In the appropriation bill for the year ending June 30, 1870, this was repealed, but that repealing clause was repealed and the act revived expressly by act approved April 10, 1869, (16 Stat., 46.)

This law, which authorizes the Attorney-General to employ additional counsel whenever, in his judgment, the public interest requires it, may

be very proper, and any committee of Congress should reluctantly criticise the action of the law-officer of the Government in regard to the manner in which he exercises the authority thus given him, but a due regard for economy and retrenchment dictates that all officials, whose services can possibly be dispensed with without detriment to the public service, should be gotten rid of and the expense of their retention saved. At this time when reform and retrenchment are everywhere needed, your committee can only hope that the Attorney-General will apply the pruning-knife and dispense with every one of these officials that may not be absolutely necessary for the faithful conduct of the public business. Your committee believe this can safely be done in many of the districts where regular assistants are now authorized, as notably in the district of Vermont, southern district of New York, the district of Iowa, eastern district of Michigan, the two districts of Virginia, the northern district of New York, and, perhaps, elsewhere.

CONSTRUCTIVE MILEAGE.

A productive source of improper expenditure has been the system of constructive mileage, which has also been abolished by the law regulating the costs and charges of marshals, clerks, &c., before referred to, and this will be a considerable saving to the Government.

UNNECESSARY JUDICIAL DISTRICTS.

There has been a great tendency to the creation of new judicial districts, which your committee cannot view with indifference. The creation of each judicial district will average an increase of \$60,000 of expenditure yearly, equal to the interest on \$1,000,000 of the national debt. Whenever such a district is absolutely needed by the public interests, it of course ought to be organized notwithstanding the additional burden on the Treasury which it may impose, but, so far as your committee can now see, the business of the country can not only be carried on in the United States courts, as at present organized, but your committee believe that no real necessity exists for two districts in either North Carolina, Virginia, Michigan, or Wisconsin, especially when the fact is considered that the business of States like Massachusetts, Louisiana, and Maryland, each containing within its limits large commercial centers in which arise admiralty, bankruptcy, revenue, pension, banking, post-office, and other extensive civil and criminal litigation in United States courts, is conducted successfully, with a single court.

The following is a statement of the business of the districts of Massachusetts, Southern New York, and Eastern Pennsylvania, contrasted with that of the two districts of North Carolina, and the two of Michigan, Virginia, and Wisconsin, the consolidation of which last-named your committee recommend.

Of civil suits, to which the United States was a party, there were terminated during the fiscal year ending June 30, 1874, in the district of Massachusetts, 81; in the southern district of New York, 1,036; in the eastern district of Pennsylvania, 43; while in both districts of Michigan there were terminated during the last fiscal year, of suits of like character, but 18; in the North Carolina districts, but 83; in the Virginia districts, 109; and in the Wisconsin districts, only 12.

Of criminal cases terminated during the last fiscal year, there were in the district of Massachusetts, 147; in the southern district of New York, 37; in the eastern district of Pennsylvania, 80, against 130 in

both districts of Michigan, 896 in both districts of North Carolina, 97 in both districts of Virginia, and 11 in both districts of Wisconsin.

Of civil suits, to which the United States was not a party, such as admiralty, bankruptcy, and other suits, there were terminated during the last fiscal year, in the district of Massachusetts, 546; in the southern district of New York, 783; in the eastern district of Pennsylvania, 284; against 505 in both districts of Michigan; 473 in both districts of North Carolina; 559 in both districts of Virginia; and 122, only, in both districts of Wisconsin.

Your committee, therefore, recommend that the Attorney-General, during the recess, do specially inquire and report, in his next annual report, as to the practicability of the consolidation of the two districts of Virginia, North Carolina, Michigan, and Wisconsin. Your committee believe that by the consolidation of those eight districts into four, there would be a saving of between one hundred and fifty and two hundred thousand dollars annually, the cost of those eight districts for the fiscal year being, exclusive of judges' salaries, marshals' salaries, (not fees,) district attorneys' salaries, (not fees,) \$311,143.96; and adding the salaries of those officials, about \$350,000. Your committee believe that the work of those districts could be adequately performed by four judges, and the like number of district attorneys, clerks, and marshals. And this recommendation your committee believe to be strictly responsive to the duty of the committee to report, from time to time, "whether any, and what, retrenchment can be made in the expenditures of the Department, without detriment to the public service."

COLLECTION OF JUDGMENTS IN FAVOR OF THE UNITED STATES.

Your committee have also had under consideration "whether any, and what, abuses at any time exist in the failure to enforce the payments of moneys which may be due to the United States from public defaulters and others," and are not prepared to make any specific recommendation in regard thereto. The statement made to them by the late Solicitor of the Treasury, Mr. Banfield, was to the effect that the failure, if any, in those matters rested with the marshals and district attorneys in the several localities, where prosecutions were conducted against public defaulters and others. The inclination of his mind and the recommendation he made was that a larger pecuniary inducement should be offered to marshals than is now allowed by law, to induce them to greater zeal and effort in the collection of such judgments. It is true he stated that the judgments were greater in favor of the United States against public defaulters than the sums usually realized. The reasons for this were two-fold: first, compromises are allowed on the recommendation of the district attorneys, the Secretary of the Treasury, and the Solicitor of the Treasury, under the act of 1863, and the practice is to allow them when the interests of the United States require them, either because there is some legal defect in the bonds sued on, or a doubt of the solvency of the securities. Your committee have not had the time to give this subject the attention they desired, and, as it is one demanding consideration, they can only hope it will receive fuller attention in another Congress.

RECOMMENDATIONS FOR RETRENCHMENT.

The requirement to report from time to time "such provisions and arrangements as may be necessary to add to the economy of the department, and the accountability of its officers," your committee believe, has been

heretofore referred to, in all particulars which have come under their notice, except the following: An inspection of the Attorney-General's report for the fiscal year ending June 30, 1874, discloses the fact that under the head of pay to district attorneys, there was paid to the district attorney, special counsel, &c., in the District of Columbia the large sum of \$33,498.16. Of this sum there was paid to R. M. Corwine \$10,000, for counsel fees in the Farragut prize and bounty cases—Mr. Corwine being employed by the Attorney-General, at the request of the Secretary of the Treasury, under section 364 of the Revised Statutes as they existed December 1, 1873, which act was passed February 14, 1871, and is as follows:

“SECTION 364. Whenever the head of a Department or Bureau gives the Attorney-General due notice that the interests of the United States require the service of counsel upon the examination of witnesses touching any claim, or upon the legal investigation of any claim pending in such Department or Bureau, the Attorney-General shall provide for such service.”

It is proper to say that Mr. Corwine also received, as the records of the Treasury Department show, \$10,000 allowed him of the prize-money, approved under act of Congress March 3, 1869, and that sum was paid on the 4th March, 1874, at the United States Treasury at Washington, under the direction of a decree in those cases made by the supreme court of the District of Columbia. Five thousand dollars of the amount paid under the head of “attorney's fees paid out in the District of Columbia for the fiscal year ending June 30, 1874,” was paid to J. Hubley Ashton, in cases authorized to be brought against the Union Pacific Railroad by an act of the Forty-second Congress; and in addition to these sums there was paid to the district attorney, his assistants, his reporter, his watchman, and his detective, office-furniture, office-rent, &c., as shown by the following detailed statement, \$18,470.69:

Personal compensation, (exclusive of \$200 salary,) \$5,800 00

Disbursements made by him:

Assistant attorneys (two).....	4,000 00
Clerk	1,200 00
Post-mortem examinations.....	1,150 00
Watchman	975 00
Reporter	820 00
Detective	300 00
Office-furniture	1,155 52
Office-rent.....	900 00
Stationery	988 60
Street-cars and carriage-hire.....	282 50
Fuel and incidental expenses.....	899 07
Total	18,470 69

Now your committee find that the 17th section of the act approved June 17, 1870, entitled “An act to establish a police court for the District of Columbia, and for other purposes,” allows the district attorney almost unlimited control over the question of the incidental expenses of his office, and is in direct conflict, and so expressed on its face, with the act governing the allowance of those incidental expenses in every other district in the United States.

The fees and allowances of all other district attorneys, except the

district attorney of the southern district of New York, which will be next alluded to, being under the control and allowance of the Attorney-General and the accounting officers of the Government, your committee can see no good reason for this exceptional legislation, and feel constrained to recommend that it be repealed.

The case of the district attorney of the southern district of New York will now be considered. The act governing the fees of the attorney of this district, passed August 6, 1861, your committee find to be as follows: "That there shall be paid to the United States district attorney a salary at the rate of \$6,000 per annum, and such additional sums as shall be necessary, together with the costs and fees now allowed by law, to pay such amount as shall be fixed by the Secretary of the Interior for the proper expenses of the offices, including salaries of assistants and clerks."

Your committee regard that act of legislation, also, as exceptional in its character, and exceedingly unwise as a precedent, and can see no reason why the sum of \$6,000 or any other sum should be fixed, since the words "such additional sums as shall be necessary," leave that limitation wholly unavailing; and if any one officer of the Government is to have his salary fixed, and the discretion of another officer of the Government limited only by the word "necessary," it seems to us to be opening a door for expenditure, the evil effects of which cannot be easily estimated, and your committee believe that all such legislation should be stricken from the statutes. And while your committee think that this law, and that as to the district attorney of the District of Columbia, are exceptional in their character and wrong in principle, and ought to be repealed, they are not unmindful of the fact that the business of the courts of the southern district of New York is necessarily very large, and requires the attention and attendance of the district attorney or an assistant in court almost every day during the year, besides the necessary attention and attendance to business by the district attorney or his assistants outside of court, at the same time, and for equally legitimate purposes as his duties in court.

There are other apparently large items of expenditure to district attorneys in the district of Iowa, northern district of New York, southern district of Ohio, western district of South Carolina, and eastern district of Tennessee, but an examination of those accounts seems to show nothing improper in those districts; the large item in the southern district of Ohio is swelled by \$10,000 paid to A. F. Perry as counsel against the Union Pacific Railroad, under the act of Congress hereinbefore referred to. Your committee believe that hereafter Congress, in authorizing the employment of special counsel, ought always to prescribe some limitation of the amount to be paid for the services to be rendered.

Your committee feel that their duty will not be discharged if they do not call attention to the extraordinary sums paid out to commissioners in the different districts of the United States, aggregating for the last fiscal year \$75,830, of which \$11,907.90 were paid to commissioners in the western district of North Carolina; \$9,528.93, in the northern district of New York; \$5,857.50 for the western district of Texas; and \$5,130.90 for the district of South Carolina. These sums, in the judgment of your committee, are greatly in excess of what they should have been.

In the case of North Carolina it was in evidence before the committee, and, we think, is undeniable as to that district and doubtless as to others, that much of the amount paid to commissioners was for warrants issued,

and hearings upon warrants in frivolous cases. The controlling motive with many of those commissioners is, no doubt, to make business for the purpose of getting fees, and this conduct on the part of these commissioners not only enhances their fees and makes a charge on the Government, but it likewise creates an additional charge, and much the heavier one, in the arrest of prisoners and the cost of their keeping and transportation, and in the fees to deputy marshals, and mileage of the district attorneys. Notably has this been the case in the western district of Arkansas, and in Western North Carolina, and perhaps in the other districts heretofore named where those large expenditures have been made in payment of the fees of commissioners. The attention of the respective judges of the several districts named and of the judiciary of the country, now thus publicly called to these facts, induces your committee to hope that a recurrence of these abuses in the future may be prevented. It has come to the knowledge of the committee that Judge Dick, of the western district of North Carolina, has taken steps to bring about a much-needed reform in this respect in his district, and it is hoped the next annual report of judicial expenditures in his district may show that he has succeeded in this commendable effort.

THE CONTINGENT FUND.

Your committee have already reported at the first session of this Congress upon the expenditure of the contingent fund of this Department since its organization, and they have examined the detailed statement which has been submitted to them, of the contingent expenses covering the period embraced since the last report, January 1, 1874, up to the 1st January, 1875, and find the same supported by proper vouchers

CONCLUSION.

Your committee, in conclusion, aware of the fact that probably no other Department of the Government, since its history, has undergone so thorough an overhauling and investigation, yet can only regret that time and opportunity have not been accorded them to examine more into the details in other districts, where expenditures for marshal's expenses seem, upon their face, to be unnecessarily large, so that they might report any abuses that exist.

Any investigation conducted at the Capitol, without the opportunity of previous inquiry made in the neighborhood where the alleged expenditures of the marshals have been made, as your committee has before said, must be very imperfect, if not altogether unavailing in the detection of fraud. Hereafter, however, with the checks, guards, and restraints imposed by the new law, much, if not all, of the frauds can be and ought to be checked; and your committee is confident that, as touching those expenditures, if this law be faithfully administered and strictly carried out by the officers of the Treasury and the courts, there can be no fraud without the collusion of the judges, the clerks, the marshals, and the district attorneys.

It is proper here to say, in explanation of what might seem to be the large expenditures annually in this Department, the following, and to institute a comparison of these expenditures with those of the Judicial Department in 1860. At that time, and up to 1870, it was the practice to make a specific appropriation for the judicial fund in aid of fines, forfeitures, and penalties, and the whole sum thus appropriated in 1860 was the sum of \$1,000,000. Since that time the expenditures have run up to the sum of \$3,000,000 for the same purpose, but in this period the

country has grown fully 35 per cent. in population, and more than ten-fold in the character of the business and litigation intrusted to the Federal courts, and in the same time twelve new judicial districts have been added to the judicial system of the country, as follows, to wit:

1. Colorado, February 28, 1861.
2. Nevada, March 2, 1861.
3. Dakota, March 2, 1861.
4. West Virginia, December 31, 1862.
5. Arizona, February 24, 1863.
6. Michigan, (western,) February 24, 1863.
7. Idaho, March 3, 1863.
8. Montana, May 26, 1864.
9. New York, (eastern,) February 25, 1865.
10. Wyoming, July 25, 1868.
11. Wisconsin, (western,) June 30, 1870.
12. North Carolina, (western,) June 4, 1872.

During this period a great war has occurred, leaving in its wake large taxation, a large increase in customs duties, opening the door to large frauds on customs and internal-revenue laws, and requiring more prosecutions and larger expenditures in this connection, and conferring jurisdiction on the courts of the United States to try the many cases growing out of infractions of the laws relating to our great internal-revenue system, to the bounty-laws, the pension-laws, largely increased by the late war, proceedings growing out of frauds in bankruptcy, and civil and criminal proceedings growing out of the national-banking act, proceedings growing out of the law known as the enforcement law, the removal of cases, such as proceedings brought in the State courts against Federal officers, thence removed to the United States courts, and counterfeiting of the currency, largely increased by the retirement of all the State-bank circulation, and confined almost exclusively to the counterfeiting of the legal tenders and of the national-bank issues. These additional subjects of litigation, intrusted to the Federal courts, by reason of the changes of the last fifteen years, have necessarily vastly increased the judicial expenditures of the country. Still, your committee believe that they can be and they ought to be reduced, and that the reduction can be effected by the Attorney-General, if properly seconded and aided by the judiciary of the country.

Your committee have no recommendation to make touching the organization and workings of the Department of Justice at Washington, as they are not now prepared to say, and have no reason to believe, that the force employed is too great or the compensation of the clerks and employes of the Department too large.

JAMES B. SENER.
R. M. SPEER.
M. J. DURHAM.

MAJOR N. H. McLEAN.

MARCH 3, 1875.—Ordered to be printed.

Mr. GUNCKEL, from the Committee on Military Affairs, submitted the following

REPORT:

[To accompany bill H. R. 4866.]

The Committee on Military Affairs, who, by a resolution of the House of Representatives, passed May 20, 1874, were instructed to inquire "whether Major N. H. McLean, late of the Adjutant-General's Department, was not unjustly treated on the trial of Capt. F. W. Hurtt, late assistant quartermaster of United States volunteers, and on his retirement from the Army, and whether the facts disclosed in the record submitted to the House do not call for his re-instatement," with power to send for persons and papers, have performed that duty, and, after a patient and careful consideration of the subject, beg leave to report:

That the said N. H. McLean graduated at the United States Military Academy, West Point, in 1848, and immediately entered the Army and served as brevet second lieutenant in Second United States Infantry in California until 1854, when he was made adjutant of the regiment. He continued to do hard duty all the time in the Western Territories, until the commencement of the war, when he was placed in command of the Washington arsenal. Afterward, he was ordered to Harrisburgh, Pa., to establish a depot of supplies for troops there concentrated, and while so engaged was selected for promotion to the Adjutant-General's Department, and ordered to report to General McClellan at Cincinnati, Ohio. Subsequently, he was on duty with General Buell in Kentucky, and General Halleck in Missouri, and in each case seems to have performed his duty faithfully and satisfactorily. Afterward, he was transferred to duty as chief of staff to General Wright, then commanding Department of the Ohio, and retained on duty at said headquarters by General Burnside. It appears that up to this time and during his entire service he was never under arrest or charges, and no one ever questioned either his courage or patriotism. His record was not only without blemish, but honorable to himself and the service.

While on duty as assistant adjutant-general at headquarters, Department of Ohio, Major McLean was ordered by General Burnside to investigate and report the manner in which the affairs of the quartermaster's department had been administered by Capt. F. W. Hurtt, assistant quartermaster United States volunteers, stationed at Cincinnati, and against whom corruption and fraud in office had been charged. This order (a copy of which accompanies this report) was dated July 28, 1863. Major McLean, after a long, patient, and thorough investigation, made his report September 26, 1863, (a copy of which is hereto attached,) find-

ing Captain Hurtt guilty of many and gross irregularities and frauds, and specifically charging him with eighteen distinct acts of official misconduct, and detailing the facts and giving the names of the witnesses to support the said charges. On September 28, General Burnside referred this report to Maj. H. L. Burnet, judge-advocate of the department, for further investigation and the use of the court-martial to be ordered for Captain Hurtt's trial. On October 18, Major Burnet writes the Judge-Advocate-General, in relation to the cases of Hurtt and others, adding that they "will be contested with a great deal of pertinacity, and with all the force that money and influence can bring to bear." The court-martial was ordered November 23, 1863, to meet at Cincinnati on December 1, with a detail of Major-General Hartsuff and others for the court. But on November 30, the day before the time fixed for the trial, the Secretary of War countermanded the order convening the court-martial and directed that the officers detailed therefor be sent to their respective commands, and the cases proposed for trial referred to the Judge-Advocate-General. (See pages 398 and 399 of Ex. Doc. 255, 1st sess. 43d Congress.) A second court-martial was ordered January 18, 1864, to meet in Cincinnati January 25, with a detail of General Ammen and others for the court. It was in session thirty-four days, and the proceedings were fully reported, and, by order of the House, have been recently printed in Ex. Doc. 255. The court found Hurtt guilty, and sentenced him to be dishonorably dismissed the service, and the finding and sentence were approved by the Secretary of War.

On October 15, 1863, which was after Major McLean had made his report, and before the first court-martial was ordered for the trial of Hurtt, an article appeared in the Times newspaper of Cincinnati, signed by Edgar Conkling, an honest, well meaning man, charging Major McLean with disloyalty, and on October 28th the charge was repeated in a letter written by said Conkling to the President of the United States. (See article and letter, Ex. Doc. 255, pages 366, 367, 368.) The fact relied upon by Mr. Conkling to sustain this charge of disloyalty was, that at the election in Ohio for State officers, when John Brough was the republican and C. L. Vallandigham the democratic candidate for governor, Major McLean *did not vote at all*. To this Major McLean (protesting his loyalty, &c.) answered that as an Army officer he had been absent from the State fifteen years, and supposed that, under the constitution and laws of Ohio, he had no right to vote, and so had not made the attempt. And hearing of the charges, the mayor of Cincinnati, together with Bishop McIlvaine, Archbishop Purcell, and many of the leading republican citizens of Cincinnati, addressed a letter to the Secretary of War strongly indorsing Major McLean's loyalty, and testifying to his "unimpeachable integrity," &c. The governor of Ohio, David Tod, telegraphed the Department in behalf of Major McLean, adding that he had "ever found him a most faithful, accommodating, and efficient officer."

But it seems that the denial of Major McLean was not regarded as satisfactory by the Secretary of War, (see page 367 of Ex. Doc. 255,) and he was (October 27, 1863) ordered to report to General Alvord, commanding district of Oregon, Fort Vancouver, for duty. On hearing of the order, General Burnside at once telegraphed the Secretary of War as follows:

[Telegram received at Washington, 3.20 a. m., November 5, 1863, from Knoxville, dated November 14, 1863.]

Hon E. M. STANTON, *Secretary of War*:

I most respectfully but earnestly request that Maj. N. H. McLean be allowed to remain on duty at the headquarters of this department. He understands all the work

of the Department, is faithful, industrious, capable, and as loyal as you or I. He is necessary to the Government as witness in some trials of men suspected of fraud against the United States Government, and as I originated the investigation, I think it is due me from the Government that he should be heard.

A. E. BURNSIDE,
Major-General.

But this earnest appeal proved of no avail, and Major McLean was peremptorily ordered to proceed at once to Fort Vancouver, Oregon. He left New York on Christmas, 1863. Just before leaving he received a letter from General Burnside, (a copy of which is hereto attached,) in which occur these words: "I have hoped to have your orders revoked, but it seems impossible, and I must now thank you for your entire devotion to your duties while under my command. Be patient a little while, and all will be well. They cannot harm you, for you are far above them in pure, disinterested patriotism and devotion to your country. I shall not forget to do all in my power to right you." On his arrival at San Francisco he received an order of the War Department (see Special Order 510) directing him to relieve Lieut. Col. T. C. English in duties of assistant to the provost-marshal-general United States for the State of Oregon and the Territory of Washington, and to assume the duties of superintendent of volunteer recruiting-service for said State and Territory. He entered upon duty at Portland, Oreg., February 10, 1864, but keenly feeling what he considered official disgrace, he was constrained by a sense of honor to tender his resignation. It was accepted May 19, and he relieved from duty on 23d July following. While in Oregon he seems to have performed his duty faithfully, satisfactorily to the Government, and in such a way as to merit the thanks of the loyal people of Oregon, which were formally tendered him through Addison C. Gibbs, the governor of the State. (See his letter, hereto attached.)

Major McLean has ever since been out of the service, and he testifies that he has neither asked for re-instatement, nor applied for or instigated this investigation. He believes he was the victim of a wicked conspiracy, and that he has been grossly wronged and cruelly disgraced; but he has patiently and silently waited, assured that time would sooner or later vindicate him and his honor.

Ordinarily, the removal of an officer from one post of duty to another, however remote or disagreeable, does not call for comment, much less for investigation and report. But a careful consideration of all the testimony convinces your committee that this case is a remarkable one, and that it deserves congressional consideration. The order was made during a dark period of the war, when the Government needed in active service near the seat of war all officers who were faithful and qualified. There were special reasons for maintaining Major McLean: 1st, he was on duty at the headquarters of General Burnside, who not only desired him to remain, but earnestly protested against his removal; 2d, he had made the investigation in the Hurtt case, and upon his report the charges were made, and court-martial ordered, and as he was familiar with all the facts, it was of the very highest importance that he remain and assist the Government in the prosecution of the case.

Why, then, in the face of these facts, all of which were presented and pressed upon the Secretary of War, was Major McLean so peremptorily ordered to one of the most remote posts in the whole country? Ostensibly, because he was charged with and believed guilty of disloyalty. The charge relied and acted upon could not have been the letter of Edgar Conkling to the President, for that was dated at Cincinnati, Octo-

ber 28, *which was one day after the order was made.* The only other charge, so far as the evidence and papers show, ever made against Major McLean was contained in the article published in the Cincinnati Times, *which was forwarded to the War Department by Major McLean himself.* As already stated, the article based the charge of disloyalty on the fact that McLean did not vote at a State election which had just been held in Ohio. As officers of the Regular Army (whether for sufficient reasons or not your committee are not called upon to decide) rarely exercise the right of suffrage, this fact could hardly be just cause of suspicion. But in this case Major McLean explained, in a letter published in the same newspaper and forwarded to the Secretary of War, that he did not vote because, after an examination of the constitution and laws of Ohio, he believed *he had no right to vote.* Whether he had the right to vote or not, if he honestly believed that he did not have the right, and for that reason did not offer to vote, he was and ought to have been held excusable. But on an examination of the constitution and laws of Ohio, your committee are satisfied that McLean was right, and that he was not entitled to vote at said election.

But if any possible suspicion remained it ought to have been removed by the direct and emphatic statement of General Burnside, the prompt telegram of Governor Tod, and the strong letter of Bishop McIlvaine, and other men of tried and known loyalty in Cincinnati.

Making due allowance for the excitement and turbulence of the war-times, it still does not seem possible that Secretary Stanton had any real suspicion as to McLean's loyalty. If he had, why did he send McLean to a distant State and there detail him to duty as assistant to the provost-marshal general of the United States and superintendent of the volunteer recruiting-service in the State of Oregon?

But if his banishment was not because of supposed disloyalty the question recurs, for what was it done? Among the papers placed in evidence is the affidavit of Capt. W. P. Anderson, a worthy, reliable citizen of Cincinnati, which seems to throw some light on the subject. It is as follows:

STATE OF OHIO,
Hamilton County, ss:

Personally appeared before me, the undersigned, a notary public in and for Hamilton County, W. P. Anderson, who, being first sworn according to law, deposes and says as follows:

During the winter of 1863 I held the commission of assistant adjutant-general, United States volunteers, and was associated on duty, at headquarters, Department of the Ohio, at Cincinnati, Ohio, with Maj. N. H. McLean, assistant adjutant-general United States Army. Under the orders of Maj. Gen. A. E. Burnside, commanding the department, Major McLean was directed to investigate and report upon the administration of the affairs of the quartermaster's department of the Government service by Capt. F. W. Hurtt, assistant quartermaster of volunteers, stationed at Cincinnati, Ohio. I remember distinctly that some ten days before Major McLean submitted his report to the commanding general, he came to me and stated that there was trouble in store for him in consequence of the report he would soon submit in relation to Captain Hurtt, and in consequence of so many parties of political and moneyed influence being directly or indirectly involved. The major stated that he had been ordered to make the investigation and the report referred to, and that his fixed purpose was to do his whole duty faithfully, let consequences result as they might. I remember that Major McLean predicted that the case would not be tried while he was on hand, but that any court the commanding general might order would be dissolved, and that he (Major McLean) would be ordered to some remote point. The facts were distinctly impressed on my mind by the strangely correct fulfillment of Major McLean's prediction. I also recollect that, after Major McLean had submitted his report, and had received orders assigning him to duty in Oregon, Captain Hurtt came to the department headquarters, and that Major McLean informed me that Hurtt endeavored to get him (McLean) to promise that he would aid in his (Hurtt's) defense when his case should be tried, and expressed the belief that if Major McLean would do so, he (Hurtt) could find the in-

fluence to have the orders of the War Department, directing Major McLean to proceed to Oregon, modified or revoked, McLean stating he told Hurtt the case was a serious one, and that he intended to do his whole duty for the Government regardless of consequences.

W. P. ANDERSON.

Sworn to before me, and subscribed in my presence, this 16th day of June, A. D. 1874.

[SEAL.]

CHARLES F. SYBOLD,
Notary Public, Hamilton County, Ohio.

It will be remembered that during his fifteen years' service as an officer of the Army there had never been a complaint as to his conduct, or a suspicion as to his loyalty or integrity. It was not until after he had made his report in the Hurtt case that his troubles began, and he and his friends, naturally enough, conclude that they have a necessary connection.

The testimony shows that Hurtt was much in the habit of seeking and using, when possible, the influence of his political friends; and that as quartermaster he had large money transactions with business men and capitalists in Cincinnati and elsewhere, some of which were of a fraudulent character. It was through these influences that he had procured an assignment to duty at Cincinnati, and it was by these same means that he was seeking to get into the Regular Army and to displace his superior officer at Cincinnati, Captain Dickerson, and so control larger disbursements of the public money and have greater opportunities for speculation and gain for himself and friends. It would seem not unlikely, therefore, that when he found himself investigated and exposed, and about to be tried and punished, he would use, in so far as was possible, the same political and business influences to get rid of the officer who had investigated the whole affair, knew all the witnesses, and was familiar with all the facts, and was almost indispensable to the Government in the prosecution of the case. Major McLean feared this at the time, and it seems also to have been apprehended by General Burnside and his advocate-general, Burnet, and hence their efforts to have him retained until after the trial, General Burnside making this earnest appeal: "As I originated the investigation, I think it is due me from the Government that he (McLean) should be heard."

It will be seen by reference to the testimony in the Hurtt case that when Hurtt wanted to displace Captain Dickerson, he managed to have that officer suspected of disloyalty. The temper of the times was such that the easiest and cheapest way of injuring any one was to raise against him a suspicion of disloyalty; and, granting that Hurtt really wanted to get rid of McLean, (about which there can be but little doubt,) he would be likely to try the same tactics employed against Dickerson. And while there is no direct proof that he did, there are many facts and circumstances, which cannot be detailed within the limits of a congressional report, which strongly tend to prove that the removal was brought about by Hurtt and those implicated with him in Government contracts and frauds. Just how it was done may never be certainly known, but from all the light that can be obtained from the testimony, it would seem to have been accomplished through innocent and good men, who were unsuspectingly used to prejudice the mind of the Secretary of War and to influence the action of the War Department. Indeed, there is no other reasonable way of accounting for either the removal of Major McLean or the revocation of the first order for a court-martial.

But whether Hurtt or the Hurtt court-martial had much or little to do

with the removal, or whether the suspicion of disloyalty was the real or pretended cause of his disgrace, your committee are clearly of the opinion that Major McLean was unfairly and unjustly dealt with, and that the Government ought, without further delay, to do what is yet possible to remedy the wrong done one of its capable and faithful officers.

Your committee therefore recommend the passage of the accompanying bill.

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DISTRICT LIBEL LAW.

MARCH 3, 1875.—Ordered to be printed.

Mr. TREMAIN, from the Committee on the Judiciary, submitted the following

REPORT:

[To accompany bill H. R. 3932.]

The Judiciary Committee, to whom was referred the bill providing that the second section of the act of June 22, 1874, entitled "An act conferring jurisdiction upon the criminal court of the District of Columbia, and for other purposes," should be so amended as not to apply to proceedings in cases of libel, having had the same under consideration, submit the following report:

The claim having been made that this section does not authorize any proceeding to bring into the District of Columbia for trial any person who may be indicted therein for libel, but who may be found beyond the boundaries of the District, and that it only confers upon the courts of the District power to arrest offenders found within the District who are charged with crime committed within the District, and hold them for trial, and to arrest offenders found within the District who have committed crimes against the United States in some judicial district of the United States, and to send them to such district for trial, that question was first considered by the committee. If this was the only effect of the section, it is quite apparent that the provision was wholly unnecessary, and that it produced no change in existing law, because that power already existed. Section 1 of the act of February 27, 1801, 2 Stat., 105, confers upon the circuit court for the District, and the judges thereof, all the powers vested by law in the circuit courts and the judges of the circuit courts of the United States. When the supreme court of the District was created, the same powers and jurisdiction were conferred upon said court and the justices thereof as were possessed and exercised by the judges of the circuit courts. (Section 1 of act of March 3, 1863, 12 Stat., 762.)

The object of section 2 of the act in question was to provide a machinery whereby the authorities of the District might cause the arrest of persons indicted within the District, at any place within the United States, and to have them brought before the criminal courts of said District for trial. The 33d section of the act of 1789 referred to is in these words:

And be it further enacted, That for any crime or offense against the United States the offender may, by any justice or judge of the United States, or by any justice of the peace, or other magistrate of any of the United States where he may be found, agreeably to the usual mode of process against offenders in such State, and at the expense of the United States, be arrested and imprisoned, or bailed, as the case may be, for trial before such court of the United States as by this act has cognizance of the offense.

And copies of the process shall be returned as speedily as may be into the clerk's office of such court, together with the recognizances of the witnesses for their appearance to testify in the case, which recognizances the magistrate before whom the examination shall be may require on pain of imprisonment; and if such commitment of the offender or the witnesses shall be in a district other than that in which the offense is to be tried, it shall be the duty of the judge of that district where the delinquent is imprisoned, seasonably to issue, and of the marshal of the same district to execute, a warrant for the removal of the offender and the witnesses, or either of them, as the case may be, to the district in which the trial is to be had. And upon all arrests in criminal cases bail shall be admitted, except when the punishment may be death, in which case it shall not be admitted but by the supreme or a circuit court, or by a justice of the supreme court, or a judge of a district court, who shall exercise their discretion therein, regarding the nature and circumstances of the offense, and of the evidence and the usages of law. And if a person committed by a justice of the supreme court or a judge of a district court for an offense not punishable with death shall afterward procure bail, and there be no judge of the United States in the district to take the same, it may be taken by any judge of the supreme or superior court of law of such State.

The practice had prevailed since 1789 of bringing such persons to the District under said section, and numerous cases of this kind had arisen, and the extradition of such persons into the District effected without any question being made as to the lawfulness thereof. More recently, however, doubts had been entertained whether section 33 aforesaid conferred such power, for the reason that the courts of the District were not embraced within the words of that section, as they were not, nor was either of them, "such court of the United States as by this act has cognizance of the offense."

Your committee are of opinion that a careful examination of the act of 1874 and of the thirty-third section of the act of 1789 will show that they provide for arresting and bringing to the District for trial persons who have committed offenses within the District. What provisions of the thirty-third section apply to courts? A court is mentioned in such section only in two places; in the first place as the court before which the trial should take place, and in the next place as the court which should be authorized to admit to bail. No court is empowered to issue a warrant for the arrest of the offender, as that power is conferred only upon a justice, or judge of the United States, or any justice of the peace or other magistrate of any of the United States where the offender may be found. If, therefore, the purpose of section 2 of the act of 1874 was to enable the courts of the District to issue their warrant for the removal from the District of persons found within it, no appropriate language has been employed to confer such power. As the thirty-third section, however, does provide in express terms that the prisoner may be brought before the court which has cognizance by that act of the offense for trial, and as section 2 of the act of 1874 applies the provisions of that section to courts created by act of Congress in the District of Columbia, the conclusion seems inevitable that said section 2 authorizes the arrest and bringing into the District of offenders before the courts of such District for trial. Suppose an act of Congress should be passed declaring that the provisions of section 33 should apply to the courts of the Territory of Utah. How could that act be construed except by holding that it brought into existence all the machinery provided for in said section for the arrest of persons in any part of the United States, and their removal to said Territory, for trial before the courts having cognizance of the offense?

The next question is, whether a libel published within the District of Columbia is an offense for which the offender may be indicted there; and, if so, whether, under the operations of section 2 aforesaid, he may be brought there for trial. Libel is an indictable offense at common law. The common law had been adopted by the State of Maryland, prior to

the cession of her territory to the United States. By section 3 of the Declaration of Rights of the State of Maryland, which was in force at that time, it was declared "that the inhabitants of Maryland are entitled to the common law of England." The courts of Maryland have uniformly held that the common law was in force in that State.—Deshiel agt. Attorney-General, 5 Har. and Johns., 392, and State agt. Buchanan, *ib.*, 317.

It was adjudged by the Supreme Court of the United States in Kendall against the United States, (12 Peters, 525,) that the common law as it existed in Maryland at the time of the cession remained in force within the District. In the case of the United States against Watkins, 4 Cranch C. C. Reports, 452, the supreme court of the District decided that an indictment would lie for an offense committed here which was indictable at common law, although it had not been declared an offense by act of Congress. The following is the language of the court:

We are therefore of opinion that there is nothing in the character of the parties, or in the circumstances of the transaction, which would make it a case of exclusive Federal jurisdiction, but that if it be in its nature a common-law offense, and had been committed in a State, it might have been tried in a State court as an offense against that State. We think, therefore, that if it be a common-law offense, committed in this county, it is within the jurisdiction of this court, whose common-law jurisdiction is derived from the common law of Maryland, which was by the cession of Maryland and the acceptance of Congress under the provision in the Constitution of the United States, transferred from Maryland to the United States, with that remnant of State sovereignty which, after the adoption of the Federal Constitution, was left to Maryland. All the State prerogative which Maryland enjoyed under the common law which she adopted, so far, as concerned the ceded territory, passed to the United States all the power which Maryland had, by virtue of that common-law prerogative, to punish by indictment offenders against her sovereignty, and to protect that sovereignty by the same means so far as regarded the territory ceded.

We therefore think that, in regard to offenses committed within this part of the District, the United States have a criminal common law, and that this court has a criminal common-law jurisdiction.

In 1865, Adam Gurowski was tried before Judge Fisher in this District upon an indictment for libeling William H. Seward, and although he was defended by able and experienced counsel no question as to the sufficiency of the indictment was raised. In the recent case of the United States against Buell, the supreme court of this District held that libel was an offense against the United States, and punishable by imprisonment in the penitentiary. The following is a statement of the case:

In the supreme court of the District of Columbia.—United States against Augustus C. Buell.—Certiorari to the police court, District of Columbia. This was a prosecution in the police court by way of information, charging the defendant with libel. On the defendant's petition filed in this court, a writ of certiorari was issued to said police court, in obedience to which the case was certified to the circuit court. Then a motion was made by the district attorney to quash the writ, and the circuit court ordered that motion to be heard at the general term in the first instance. George P. Fisher and A. G. Riddle for the United States, and William Birney for defendant.

Cartter, C. J., delivered the opinion of the court: The court have concluded in this case to overrule the motion to quash the writ of certiorari. This conclusion necessarily involves the construction of the first section of the statute creating the police court. That section is as follows:

"*Be it enacted, &c.*, That there shall be established in the District of Columbia a court to be called the police court of the District of Columbia, which shall have original and exclusive jurisdiction of all offenses against the United States committed in the District of Columbia, not deemed capital or otherwise infamous crimes; that is to say, of all simple assaults and batteries, and all other misdemeanors not punishable by imprisonment in the penitentiary."

The question made here is whether, in view of that section, the police court has jurisdiction of libel. If it is an offense not infamous and not punishable by impris-

onment in the penitentiary, the police court would seem to have jurisdiction. If not, it is left where the creation of that court found it. We have come to the conclusion that the crime is or may be a penitentiary offense. The police court cannot impose the penalty contemplated or adequate to the offense; and the fact that the court cannot impose the punishment is conclusive upon its jurisdiction of the crime.

That court cannot punish by imprisonment in the penitentiary nor for any period longer than one year in the jail. There is a misconception of power in the court below, and the power to prosecute does reside in this forum, and therefore the motion to quash is dismissed.

Congress, by act of February 25, 1865, has expressly recognized libel as an offense indictable within the District, and provided for admitting the truth of the libel in evidence on the part of the defendant. (U. S. Stat., vol. 13, p. 439.) By section 119 of an act of Congress passed in 1801, the laws of Virginia and Maryland were continued in force in that part of the District which was ceded by those States to the United States, and by them accepted for the permanent seat of Government. An offense committed within the District is an offense against the United States, which is the only sovereignty existing there, and the indictment should charge it as committed against the peace and Government of the United States. (See act of Congress of March 3, 1801, sec. 2, 2 Stat., 103.) Punishment by substituting imprisonment for whipping is provided by act of Congress of 1801, section 76, for all misdemeanors and other offenses for which no other punishment is provided.

Although libel was not an offense against the United States in 1789, because the District of Columbia had not then been ceded to the United States, yet upon the familiar principles applicable to the construction of statutes *in pari materia*, which require that such statutes should all be interpreted together, any offense against the United States which might be created subsequent to the passage of that act or which might become such by the cession and acceptance of other territory, must be considered as offenses against the United States within the meaning and contemplation of that statute. If it should be conceded that the publication of a libel within the District of Columbia was not an offense against the United States within the provisions of the thirty-second section of the judiciary act of 1789, such concession would neither be decisive nor controlling. Such publication is an offense of which the courts of such District have cognizance. When the provisions of the thirty-third section, without any exception, were made applicable, by law, to such courts, all the means and machinery provided by that section for arresting and bringing to trial before such courts offenders were brought into full play as well in regard to that and other common-law offenses over which such courts had jurisdiction, as in regard to counterfeiting, robbing the mails, or any other offenses created and defined by acts of Congress.

Your committee are thus brought to the following conclusions, viz: 1. That the second section of the act of 1874 confers authority to arrest and bring into the District of Columbia for trial before the courts of such District all persons who have committed offenses against the United States within said District who may be found in any part of the United States. 2. That libel published within said District is such an offense against the United States.

The question remains for consideration whether that act should be so amended as not to apply to indictments or proceedings for libel. If such an amendment should be adopted, there would be no mode of bringing within the District for trial any libeler who should publish his libel within the District and then flee from said District to any place within the United States beyond the limits of the District. The provis-

ions of the Federal Constitution for inter-State extradition only apply to the case of a person charged with crime who shall flee from the State where the crime was committed and be found within the jurisdiction of another State. (U. S. Constitution, art. 4, sec. 2.) When slavery was in existence, an act of Congress was passed making the provisions of this section applicable to proceedings for the removal of fugitive slaves, and fugitives from justice whose removal from the District was applied for to the State from which such fugitive escaped. (Act of Congress of March 3, 1801; U. S. Stat., vol. 2, p. 116, sec. 6.) But no such provision was enacted in relation to bringing such fugitives within the District. Should the proposed amendment be adopted, any person outside of the District might send his libels and cause them to be published within the District, and so long as he remained beyond the limits of the District, he could not be arrested or brought to trial within the District, nor could he be brought to trial under the Constitution in any other district than that where his offense was committed. (Amendments to the Constitution, art. 6.) So, too, after publishing a libel within the District, no matter how aggravated, by printed or written matter, by picture, caricature, or other libelous publication holding an innocent person up to public odium, ridicule, hatred, and contempt, the libeler could escape beyond the limits of the District, and defy all efforts to arrest him and bring him back for trial and punishment.

Your committee cannot recommend such a repeal or modification of the act of 1874. So long as libel shall remain an indictable offense within the District, they see no reason why the same legal machinery should not continue in force for bringing the offender to trial before the courts of the District, as obtains in regard to other crimes committed within such District. Whether by the true interpretation of section 33 of the act of 1789, the courts of the United States thereafter mentioned might not probably be held to include other courts of the United States thereafter created within the District of Columbia, and clothed with similar criminal jurisdiction, it is not deemed necessary to inquire. For nearly 100 years it seems to have been assumed that it was to be so interpreted, and numerous cases of persons who have been arrested, and brought within the District for trial, have arisen. If, however, the existing law was defective in this particular, it ought, in the opinion of your committee, to have been so amended as to enable the authorities of the District to bring such offenders to trial within the District, and as the act of 1874 has wrought such amendment, your committee see no sufficient reason why they should recommend any repeal or amendment of that section.

Your committee have also considered two bills referred to them relating to indictments for libel in the District of Columbia, the one introduced by Mr. Poland and the other by Mr. Tremain. Under existing law any person guilty of publishing a libel in the District of Columbia is liable to indictment and punishment in said District. If the libel should be sent into the District by any person beyond its boundaries, and the same should be received and read in said District by the person to whom it was sent, this is a publication within the District.

If the editor, proprietor, or publisher of a newspaper regularly published and issued outside of the District, should send his paper containing a libelous article to the District to a subscriber, or if the same should be sent to the District by his agents for sale, and should be sold there by his agents and servants, this amounts to a publication within the District. (See 3d Pickering R., 304; *Commonwealth vs. Blanding*, 1

Russell on Crime, 250, and the cases cited ; 12 State Trials, 331 ; 4 Barn. and Ald., 95.)

Complaints have been made that under these rules of law newspaper editors and publishers who are engaged in the publication of newspapers in any part of the United States are liable to be indicted in the District, and brought there for trial. It is alleged that inasmuch as such persons are liable to be indicted and tried in the States where such newspapers are published, the further liability to be taken to the District of Columbia, perhaps at a distance of thousands of miles from home and tried in such District, operates with hardship and severity. If your committee are correct in their conclusion that any person who may be indicted in the District for libel is liable to be brought there for trial, although he may never have placed his foot within the District, then it follows that the editor of the newspaper whose paper may be circulated within said District is exposed to much greater peril than he is for circulating such paper in any other part of the United States, because, as already shown, he could not be taken into any State other than the one where his paper is published except in cases where he has fled from such State, and may be found in another State.

Your committee consider that the allegations of complaint are not wholly destitute of foundation and reason. It seems somewhat anomalous that a newspaper editor whose offense was actually committed where his paper was issued, and only constructively within the District, should be brought from San Francisco, Saint Louis, Chicago, New York, Boston, and other places throughout the country for trial in the District when such District is the only place within the United States where he is exposed to such peril. As the United States are only allowed to prosecute libels, criminally, within the District, for the reason that they have succeeded to the jurisdiction of the State of Maryland, it is difficult to see any good and sufficient reason why there should be so much greater peril for the constructive publication of a libel in the District than in any other place within the United States where the common law prevails. Inasmuch as it is well settled that the courts of the United States within the limits of a State have no common-law jurisdiction, such jurisdiction only obtains in the State courts of those States which have adopted the common law of England.

Your committee have no sympathy whatever with a malicious and malignant libeler. On the contrary, they believe that the licentiousness of the press is one of the most alarming symptoms of the times. They are entirely conscious that one of the principal difficulties in the way of any amelioration of existing laws arises from the utter recklessness with which the correspondents and editors of newspapers are accustomed to assail members of Congress, and all other persons who may be so unfortunate as to hold public positions in the service of the country.

Your committee, however, believe it to be the duty of Congress to remove all just cause of complaint within their power, although such complaints may proceed from a class of men who have themselves been guilty of misconduct. In that way they will be deprived of all claim to public sympathy, and Congress will establish its claim to public confidence by enacting just laws even for the benefit of its enemies. Your committee have, therefore, concluded to recommend the bill herewith reported. It will be seen that it only applies to libels contained in newspapers regularly issued and published outside of the District, and afterward circulated within it. In all such cases an indictment may be obtained in the State courts of the State where such paper is published. As to all libels contained in any paper, letter, pamphlet, or in any other form

than in regularly published newspapers, which are sent into the District, and as to all libels contained in newspapers printed within the District, or contained in any other libelous publication which is made only within the District, the proposed bill will have no effect. In the State of New York a statute has existed for nearly a quarter of a century restricting indictments for libels contained in newspapers regularly published to the county where the paper is printed, and to the county where the libeled party resides, and also requiring the court to change the place of trial of such indictment to the county where such paper is published, provided the defendant shall execute a bond to pay the complainant's expenses in proceeding to the place of trial, in case of conviction. With these explanations the committee submit the accompanying bill.

JOSEPH J. BROWN.

MARCH 3, 1875.—Ordered to be printed.

Mr. BANNING, from the Committee on Foreign Affairs, submitted the following

REPORT:

[To accompany bill H. R. 3829.]

The Committee on Foreign Affairs, to whom was referred the claim of Joseph J. Brown, of Columbia, S. C., for damages on account of the destruction of his property by United States troops, in burning the town of Columbia, S. C., submit the following report:

1st. There is no evidence whatever to show that the United States troops, under the command of William T. Sherman, burned the town of Columbia, S. C.

2d. If the town of Columbia, S. C., had been burned by order of the commanding general, when there is no proof to the contrary, as in this case, it must be taken for granted that the burning was necessary to the prosecution of the war, or to impair the power of the rebellion, and the Government is not under any obligation to make compensation to the owners of property destroyed.

3d. If the burning had been the result of wanton or unauthorized acts of United States soldiers the petitioner would not be entitled to compensation. (See *Gibbons vs. The United States*, 8 Wallace, 269.)

4th. The petitioner, being an alien, should present his claim through the authorized representative of his government. (See opinion of Secretary of State, as follows:)

DEPARTMENT OF STATE,
Washington, April 22, 1874!

SIR: In reply to your telegram stating that claims are presented by French citizens and other aliens through Congress, to the Committee on War-Claims, I have to remark that such presentation is entirely inconsistent with usage, which requires that aliens must address this Government only through the diplomatic representatives of their own governments.

This Department refuses to entertain applications or to receive claims from aliens, except through a responsible presentation by the regularly accredited representative of their government.

I have also been under the impression that Congress refused to receive petitions or claims from aliens. Such I am advised was at one time the rule of the House of Representatives, and such is the rule at present in the Senate as I am informed. The propriety of the refusal to allow an alien to intrude his claims upon Congress cannot be questioned.

I have the honor to be, sir, your obedient servant,

HAMILTON FISH.

Hon. WM. LAWRENCE,
House of Representatives.

The committee therefore report adversely upon the bill, and ask to be discharged from further consideration of it.

CHARLES O. SHEPARD.

MARCH 3, 1875.—Ordered to be printed.

Mr. BANNING, from the Committee on Foreign Affairs, submitted the following

REPORT:

[To accompany bill H. R. 4127.]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 4127) for the relief of Charles O. Shepard, as chargé d'affaires ad interim of the United States in Japan, have had the same under consideration, and make the following report:

That claims of this nature so frequently arising in the diplomatic and consular service, it is hazardous in the extreme to well-defined regulations to admit of exceptional claims, unless they be such as would entail consideration under existing laws. Your committee would therefore respectfully submit the following communication from the honorable Secretary of State regarding the claim, indorsing its views, and requesting to be discharged from the further consideration of the bill:

DEPARTMENT OF STATE,
Washington, January 28, 1875.

SIR: I have the honor to acknowledge the receipt of your letter of the 25th instant, inclosing a copy of a bill for the relief of Charles O. Shepard, late chargé d'affaires *ad interim* in Japan, and of a memorial or statement in reference to the case. You ask such information and recommendation as may be deemed proper, as to this claim referred to your committee.

Mr. De Long, the minister at Japan, being about to return home, the Department instructed Mr. Shepard, then acting as consul at Yokohama, to take charge of the legation. He did so December 23, 1871, on Mr. De Long's departure, and remained acting as chargé d'affaires *ad interim* until August 10, 1872, when Mr. De Long returned. The diplomatic duties were superadded to Mr. Shepard's duties as consul, and he remained, in contemplation of law, in charge of both consulate and legation.

The consular dispatches, up to January 1, 1872, were signed by Mr. Shepard, but some appeared after that date signed George M. Mitchell, vice-consul, and the Department thereupon informed Mr. Shepard that it was unusual that the vice-consul should correspond directly with the Department while he was at his post. This dispatch was acknowledged by Mr. Shepard, under date of May 24, 1872, and the business was thereafter entirely conducted by Mr. Shepard until Mr. De Long's return. Certain drafts were also drawn by Mr. Mitchell and accounts stated by him for expenses of consular court, &c., and were returned to be redrawn in Mr. Shepard's name.

A vice-consul is an officer whose power to act begins only with the absence of the consul, and no authority was given to place Mr. Mitchell in charge; and when the consul is at his post, a vice-consul is prohibited by law from carrying on the business of the consulate. Mr. De Long did not inform the Department that duties were performed by Mr. Mitchell under his authority or direction.

In reference to the pay to which Mr. Shepard was entitled, the act of August 18, 1856, section 11, provided as follows: "That for such time as any consular officer shall be authorized, pursuant to the provisions of this act, to perform diplomatic functions * * * he shall be entitled, in addition to his compensation as such consular officer, to receive compensation for his services, while so authorized, at the rate allowed by this act for

a secretary of legation in such country." The rate allowed by that act for secretary of legation in that country was 15 per cent. of the salary to which the minister was entitled, and the salary of the minister was fixed at \$10,000. Although there was no secretary of legation provided for Japan, the amount of the salary of such secretary, if appointed, was fixed by the act. Mr. Shepard himself understood distinctly the amount of compensation to which he was entitled, as in his number 34, under date of April 17, 1872, he forwards his accounts for the first quarter of 1872, and says: "Fifteen per cent. of the minister's salary added to a sum equal to my salary as consul, is, I understand, the amount to which I am entitled," and he drew for his compensation at this rate. In addition to Mr. Shepard's draft as chargé, Mr. Mitchell drew for the salary of consul. Upon these drafts coming forward, Mr. Shepard was informed by the Department that his draft had been honored and Mr. Mitchell's disallowed; the Department informing him that "the full salary of the consulate having been allowed to you in the account just referred to, the Department is precluded from honoring Mr. Mitchell's draft for salary."

Mr. Shepard, in acknowledging this dispatch, under date of July 22, 1872, states: "I am informed that my draft for salary had been honored and Mr. Mitchell's dishonored," and adds, "I have the honor to request instructions as to the manner in which Mr. Mitchell is to be compensated. Under the present decision of the Department Mr. Mitchell receives no pay. I earnestly beg the Department will find some channel through which Mr. Mitchell can receive his pay;" and in his No. 116, of September 10, 1872, Mr. Shepard writes, (after Mr. De Long's return,) "The decision of the Department leaves me to pay Mr. Mitchell, or, what results in the same thing, the charging of his salary to my account." It appears that Mr. Shepard had received his pay in full, as provided by law, and I am at loss to understand the statement in the memorial forwarded me, "that the vice-consul acting as consul drew the consul's pay," and the statement that "for that reason Mr. Shepard is therefore precluded from his compensation." Mr. Shepard appears to have drawn his own pay as consul, and the 15 per cent. additional, the Department having refused to honor Mr. Mitchell's drafts.

Mr. Shepard further states that the duties of consul and of minister cannot be performed in China and Japan by the same person, because an appeal lies from the consular court to the minister.

Mr. Shepard never was minister in Japan, but simply chargé d'affaires *ad interim*. As matter of fact, he did remain in charge of the consulate, and discharged its duties during a large portion of the time, and it is believed held his consular court. There is no authority of law, and has been no precedent from the practice of this Department, under which a consul, as in Mr. Shepard's case, acting as chargé d'affaires *ad interim* is entitled to the pay which a secretary of legation while acting as chargé would be entitled to receive, or to any other pay than the pay of a consul, with 15 per cent. of the minister's salary superadded thereto, which Mr. Shepard has received. A change in the general practice, as proposed by this bill, would open the door to many similar cases, and give rise to a number of claims of persons who have acted in similar capacities seeking similar compensation, without any authority existing therefor.

The memorial and papers accompanying your letter are herewith returned.

I have the honor to be, sir, your obedient servant,

HAMILTON FISH,

Hon. H. B. BANNING,
House of Representatives.

JOHN J. ANDERSON.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 4870.]

The Committee on War-Claims, to whom was referred the memorial of John J. Anderson, surviving partner of Anderson & White, submit the following report:

The facts in regard to this claim seem to be fully stated in Report No. 248 of Senate Committee on Claims, 1st session 43d Congress.

The claim is for compensation for the loss of twenty-seven bales and six parts of bales of cotton, and for damages to one hundred and eighty-seven bales and six parts of bales, being a part of two hundred and twenty bales of cotton impressed by Brigadier-General Rousseau in September, 1862, at Nashville, Tenn., and two bales impressed by order of Brigadier-General Negley, for military defense.

The right to take the claimants' cotton for military defense, to build breastworks for the defense of our Army and the city of Nashville, wherein were large supplies of military stores, is as evident as the right to take earth, stone, or timber for like purpose.

The propriety of using such valuable material for breastworks depended upon the supposed exigency at the time, and of which the officer in command was necessarily the judge.

The order No. 5 of Brigadier-General Rousseau to seize the cotton, promised a return at as early a day as possible, and guaranteed the owners against all losses, except those which depended upon the fortunes of war.

Construing this guarantee most favorably for the claimants, it implied a promise to return the cotton taken, unless captured or destroyed by the enemy.

As to the quantity of cotton not returned, and the damage to that returned by reason of its use and exposure while in breastworks, the proof seems satisfactory.

The question arises, what price ought to be fixed for the cotton which was lost and not returned to claimants? Shall it be the price paid by the claimants, or its market-price when impressed, or the value when, no longer needed for military defense, it was returned to the claimants, and when all danger of capture by the enemy had passed away, and the channels were open for its safe transmission to market?

The committee believe the salable price at Nashville at the time of

the taking the cotton is the true measure of the liability of the Government.

The extreme danger, at the time when this cotton was impressed, of its capture or destruction by the enemy may be reasonably inferred from the order of Brigadier-General Rousseau, ordering the use of such valuable material as cotton-bales for breastworks and barricades; and the market-price of cotton at Nashville must have been very much depressed.

In the testimony filed in support of this claim it does not appear what was the market-price at Nashville at that time, or that there was any market-price; but there is evidence in the case of the claim of Hawks, Miller & Co., for cotton seized at the same time, and under the same military order, for like purpose of defense, of a sale of cotton (sixty-eight bales) at twenty-three cents per pound.

There is no proof when in fact the loss of the twenty-seven bales occurred, or how it occurred, and it seems probable that it occurred after seizure, and before being placed in the breastworks, or in being removed from the breastworks after the necessity for such defense had ceased; and the true principle would seem to be to assess the value at the time of the seizure, viz, twenty-three cents per pound, instead of the valuation set by the military board in December thereafter, and to make some deduction from the amount of damages assessed for injury to the cotton returned, by reason of its long exposure to the weather. The board appointed to assess the value of cotton lost and damaged by reason of exposure adjudged the value of cotton fifty-five cents per pound, and fixed upon various rates of damage on that returned.

The committee recommend the—

Allowance of \$3,246.22 for 27 bales cotton, equal to 14,114	
lbs. lost	\$3, 246 22
For loss on weight on 160 bales, 15 lbs. per bale—2,400 lbs.,	
at 23c.....	552 00
For loss on 6 bales—1,267 lbs., at 23c.....	291 41
For loss on 27 bales, (on which damages not assessed,) 216	
lbs., at 23c.....	29 68
For damages to cotton by reason of exposure.....	1, 983 91
Total.....	6, 103 22

The committee recommend the passage of a bill appropriating to John J. Anderson, surviving partner of the firm of Anderson & White, out of any moneys in the Treasury not otherwise appropriated, the sum of \$6,103.22, and herewith report a bill in accordance with such recommendation.

BUTLER, MILLER & CO. AND HAWK, MILLER & CO.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

The Committee on War-Claims, to whom was referred the petition of Butler, Miller & Co. and Hawk, Miller & Co. for compensation for cotton taken by military authority, by order of General Rousseau, of August 30, 1862, for fortifying and breastworks at Nashville, Tenn., having considered the same, report :

That this same claim was presented in the Senate and referred to the Committee on Claims, and a report made thereon.

The Committee on War-Claims concur in the finding and conclusions of said committee, and that the amount to which said claimants are entitled is the sum of \$7,224.88, and recommend appropriation of that amount in full compensation of all claims and demands on account of said cotton so taken.

The following is a summary of the work done by the Commission during the year 1881.

The Commission has been very busy during the year, and has done much work in connection with the land office.

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JAMES LINDSAY.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 4871.]

The Committee on War-Claims, to whom was referred the petition of James Lindsay, having had the same under consideration, report :

That during the late war the claimant, while acting as colonel of a regiment of Missouri militia, ordered and had manufactured at his own expense a battery of three light mountain-howitzers, which were used by his regiment in a number of engagements with the enemy. It appears from the evidence submitted to your committee that these guns and carriages were adapted to that locality, it being mountainous and swampy, as they could be moved with great facility and speed. It appears, also, that they were used with great effect in the battle of Bloomsville, on the 27th of January, 1863, and in other engagements with General Marmaduke's command in the following April. Subsequently Colonel Lindsay, with his regiment, was ordered by General Vanderver to make a night charge upon Shelby's brigade at Jackson, Mo., which was done with great destruction to the enemy. Realizing the necessity of having such a battery as this for use in that region of country, Brig. Gen. Clinton B. Fisk, commanding the district of Southeast Missouri, with headquarters at Pilot Knob, issued an order to the commanding officer of the post at that place, to receive from Col. James Lindsay, of Iron-ton, Mo., three mountain-howitzers, caissons, harness, &c., complete, and to receipt for the same upon complete invoices being furnished. The required invoices were made, and the guns, caissons, and harness, with two boxes ammunition, were delivered to G. W. Hanna, captain Company K, Third Regiment Missouri State Militia, the commanding officer at Pilot Knob, who receipted for the same, the articles being invoiced at \$1,000. It appears by the invoice of the manufacturer, Giles F. Filley, of Saint Louis, Mo., duly sworn to, that the claimant, Lindsay, paid him \$874.35, the cost price of said guns, caissons, harness, &c., at the manufactory. It further appears that the claimant delivered two boxes of ammunition, a quantity of lead, &c., not included in the invoice of the manufacturer, which had been subsequently purchased by the claimant for use.

A bill for the relief of Lindsay passed the House in the Thirty-eighth Congress, but no further action has been had save three favorable reports from different committees.

Your committee is of the opinion that the claimant is entitled to payment for this property taken for the use of the Government, and report the accompanying bill appropriating the sum of \$874.35, and recommend its passage.

REPORT

The Committee on the subject of the Church of England in the Nineteenth Century, have the honor to report to the House of Commons, in pursuance of a resolution passed on the 12th of May 1834, that the following is a summary of the evidence received by the Committee, and of the conclusions to which they have arrived.

The evidence received by the Committee is contained in the following pages, and is divided into three parts:—

1. The State of the Church of England in the Nineteenth Century.

2. The Causes of the Decline of the Church of England in the Nineteenth Century.

3. The Remedies proposed for the Decline of the Church of England in the Nineteenth Century.

The Committee have the honor to recommend to the House of Commons, that the following be adopted as the basis of a Bill to amend the laws relating to the Church of England in the Nineteenth Century.

Resolved, That the Committee be and they are authorized to report to the House of Commons, in pursuance of a resolution passed on the 12th of May 1834, that the following is a summary of the evidence received by the Committee, and of the conclusions to which they have arrived.

TURNER MERRITT.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

The Committee on War-Claims, to whom was referred the claim of Turner Merritt, of the parish of East Baton Rouge, in the State of Louisiana, for compensation for certain personal property taken by the Union Army in the year 1863, report :

That the petitioner states in his petition that in the fall of 1862 he was the owner of one hundred and thirteen bales of cotton, averaging four hundred pounds per bale; that, apprehending the capture or destruction of the same by the confederate forces, he caused the same to be hauled away from his plantation, about nine miles, on to land owned by one John East, and had said cotton concealed in a cane-brake; that in June, 1863, the said cotton was removed by order of General Banks to the rear of Port Hudson, and used in making breastworks, except ten bales that, by reason of the roping being broken, could not be removed; that the petitioner never presented his claim to the Court of Claims because he could never ascertain that said cotton was sold and the proceeds paid into the Treasury of the United States, which he supposed necessary to give jurisdiction to the court. But petitioner states that House Ex. Doc. No. 97, Thirty-ninth Congress, second session, with the message of the President, 19th February, 1867, shows that 1,323 bales from the breastworks around Port Hudson were sold and the proceeds applied to the support of schools for poor colored people in Louisiana and for the benefit of the colored troops.

But there is no evidence that the cotton of the claimant was so sold, or that said 1,323 bales was all the cotton used by the Union Army for breastworks in the rear of Port Hudson, or what became of the claimant's cotton after being used in breastworks.

Major David S. Bunker, Third Massachusetts Cavalry, certifies that this cotton and certain other property enumerated in the account of the claimant was taken possession of and used by United States troops at or about the time stated in the claim. But Major Bunker does not state how he happened to have knowledge of such facts, or that he was present at the taking of all or any of such property by United States troops.

Indeed, the certificate of S. C. Hartwell, late surgeon Thirty-eighth Regiment Massachusetts Volunteers, filed by the claimant, states that he was present and heard claimant make "complaints to Brigadier-General Emory, commanding third division Nineteenth Army Corps, that he had suffered great loss by the *depredations* of the soldiers of his

command at the time of the advance of the Army to Port Hudson in March, 1863."

It would seem from such language that the taking the property other than the cotton was the unauthorized plundering and foraging by the soldiers, and for which the Government is not in any manner liable.

The property other than cotton taken from claimant, for which he demands payment, is the following :

7 head milch cows, at \$30 per head	\$210 00
7 yearlings, at \$10 per head	70 00
14 hogs, at \$20 per head	280 00
15 sheep, at \$5 per head	75 00
1 farm-horse	100 00
1 buggy-horse	125 00
3,500 rails burned for watch-fires, at \$15 per thousand	52 50
1 horse-cart	40 00

This list of property taken by United States Army, March 13, 1863, General Emory's division.

By the United States Army, May 12, 1863, under command of General Dudley :

4 milch cows and 4 calves, at \$30	\$120 00
4 head hogs, at \$20	80 00
3 sheep, at \$5	15 00
1 horse	125 00
2 plantation-mules, at \$150	300 00

By United States Army, November, 1864, under command of General Davidson :

1 plantation-mule	\$150 00
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There is no evidence that any of the property last specified, in value, as stated by the claimant, \$1,772.50, was taken by military order, or was other than unauthorized pillage by the soldiers.

There was no contract to pay for any of said property, either the cotton or the other enumerated articles of property.

This property was all in a State engaged in war against the nation, and within the immediate neighborhood of the contending armies at Port Hudson, and was "necessary and convenient as supplies, and for other military purposes for the Union Army."

There is no receipt given by any officer for the property taken, or any other evidence of any understanding or agreement to pay for the same.

The cotton may have been used for breastworks; but there is no reliable evidence showing that fact.

There is no statement what marks, if any, were upon the bales, by which the same could be distinguished from other cotton. The claimant's cotton had been hidden in a cane-brake for some eight months, about nine miles from claimant's farm. How much may have in that time been purloined, if any, does not appear.

The claimant states he thus hid away one hundred and thirteen bales. John East, on whose land the same was concealed, states that the claimant concealed one hundred and thirty bales on his land, and W. Slaughter states the number to be one hundred and thirty bales.

The claimant says that he never could learn that the proceeds of this cotton was paid into the United States Treasury, and could only learn from executive documents that some cotton from the breastworks around Port Hudson was sold, and the proceeds used to support colored schools in Louisiana and for the use of colored troops. Yet he has John

East to swear that he learned that the proceeds of claimant's cotton were paid into the United States Treasury, and W. S. Slaughter to swear that he *knows* the proceeds of said cotton were paid into the United States Treasury.

But John East and W. S. Slaughter state no facts from which it can be believed that they had learned or knew that said cotton was sold and the proceeds paid into the Treasury of the United States.

Their affidavits illustrate the facility of obtaining affidavits in support of claims made against the Government.

Believing that no legal claim has been proven against the Government, and not having found any facts justifying other action, the committee disallow the said claim of the petitioner.

O

REPORT

PRISCILLA AND ARMSTEAD BURWELL.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

The Committee on War-Claims, to whom was referred the petition of Priscilla Burwell and Armstead Burwell for rent for the use and occupation of certain buildings on square 40, in the city of Vicksburgh, Miss., called the Mandove House, from July 4, 1863, to January 6, 1866, report:

That it appears in evidence that Priscilla Burwell purchased the property, called the "Mandove House," situated on square forty, in the city of Vicksburgh, in the State of Mississippi, in the year 1861, and paid therefor the sum of \$6,000 gold; that she and her husband, Armstead Burwell, were loyal to the Union Government; and that deeming themselves unsafe on account of such loyalty if they remained within the so-called southern confederacy, they left their home in Vicksburgh shortly after the passage of the ordinance of secession by the State of Mississippi, and fled to the city of Saint Louis, Mo., leaving their property undisposed of.

It further appears that on the 4th day of July, 1863, the next day after the surrender of the city of Vicksburgh to the Union Army, the said "Mandove House" was taken possession of by military authority and occupied and used as officers' quarters until the 6th day of January, 1866, two years six months and two days.

There was no contract to pay rent, nor any contract by any proper military authority concerning such occupancy.

The petitioners claim payment of rent for two years at \$2,500 per year, and for six months and two days at the rate of \$1,800 per year.

They admit the property was reasonably well preserved while so occupied and very little damaged.

In the opinion of the committee, the facts establish no legal claim against the Government, and only appeal to the magnanimity and compassion of the nation toward a loyal citizen who has suffered losses of property by reason of war. But loss of mere property bears no comparison with loss of health, loss of life, and the countless miseries endured by the soldiers to maintain the integrity of the nation.

This property was in a State engaged in war against the Union Government. If the rebellion had been successful there is little doubt the petitioners would have wholly lost the property by confiscation under the laws of the southern confederacy.

When the nation was finally provoked to make real war against the so-called confederacy an order was issued to the military commanders, July 22, 1862, "to seize and use any property, real or personal, which

(might) be necessary or convenient for their several commands as supplies, or for other military purposes," in certain States in flagrant war against the nation, in which number was the State of Mississippi.

The petitioners admit this property was "necessary" and "convenient" for the purposes for which it was used, but claim rent from the time it was wrested from the enemy.

The committee recommend that said claim be not allowed.

ROSANNA HOGAN.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

R E P O R T :

The Committee on War-Claims, to whom was referred the claim of Rosanna Hogan, for payment for a horse alleged to have been taken from her by a captain of Company C, Seventeenth Regiment of Indiana Cavalry, on the 8th June, 1865, in the county of Bibb, in the State of Georgia, report:

The claimant deposes that a captain of Company C, Seventeenth Regiment of Indiana Cavalry, in the county of Bibb, in the State of Georgia, on the 8th day of June, A. D. 1865, took from her a gray horse, about eight years old; that the same was her property, and of the value of \$200 in United States currency called greenbacks; that the said captain, whose name is to her unknown, stated to her he was "instructed by the Government to press said horse into service," and she saw the same horse in service; that she demanded pay for the horse, which was refused, and that she has not been paid for the horse.

The claim seems to have been presented to L. L. Livingstone, captain of Third Artillery, at Savannah, Georgia, February 25, 1870, and by him referred to General De Russy, commanding said Third Artillery, who makes the following indorsement upon said claim:

FORTRESS MONROE, VA., May 19, 1871.

Respectfully forwarded for reference to the Court of Claims. From what I have learned I think there can be no doubt but that Mrs. Hogan did lose a horse through the intervention of an officer of our Army, which occupied Savannah when General Sherman first took the city.

G. A. DE RUSSY,
Major Third Artillery.

The capture of Savannah by the army of General Sherman was December 24, 1864, more than six months prior to the alleged taking of claimant's horse. The claimant states the impressment or taking of the horse to have been on the 8th June, 1865, while General De Russy states the horse to have been taken from her, he supposed, when General Sherman first took the city of Savannah.

The claimant files with her proofs the deposition of her son, John Hogan, who swears that on a Sunday morning, during the late war, he was riding a *dark bay horse*, in the city of Macon, Ga., belonging to his mother, and that said horse was forcibly taken from him by a captain of the Federal soldiers then in that city, and that the horse is the one for which his mother claims pay.

The claimant alleges her loyalty and the witness also deposes thereto.

It will be noticed the claimant alleges the impressment or taking her horse to be the 8th June, 1865, a period so late that such things had long ceased to be done.

She alleges the horse taken to be a *gray horse*, while her son swears the horse taken was a *dark bay horse*.

The army of General Sherman, in its march through Georgia, subsisted upon the country and foraged extensively over a space of forty miles wide.

The army appropriated such horses and mules found there as deemed useful to facilitate the operations of the army, and so appropriated nearly ten thousand horses and mules.

The taking the claimant's horse was not an exceptional case, or differing from the ordinary mode of supplying the wants of the army in that glorious "march to the sea."

It is not unreasonable to suppose some of the horses and mules, as well as other supplies taken for the use of the army, belonged to persons friendly to the Union Government. But it was in accordance with the usages of war, and strictly according to an order of the War Department, dated July 22, 1862, "to seize and use any property, real or personal, which may be necessary or convenient" for the Army in certain designated States, including the State of Georgia.

The committee therefore report adversely to the allowance of said claim.

JAMES F. BLOUNT.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT :

The Committee on War-Claims, to whom was referred the petition of James F. Blount, of Beattyville, Ky., for services in raising a company of home-guard militia and expenses incurred about said service, having had the same under consideration, report :

It appears that August 19, 1864, the following order was issued :

HEADQUARTERS KENTUCKY STATE-GUARD,
INSPECTOR-GENERAL'S OFFICE,
Frankfort, Ky., August 19, 1864.

SIR : Captain Eversole has authority to raise a State-guard company. A captain cannot be elected until the company is full. A company consists of not less than eighty-three nor more than one hundred and one men in the aggregate.

Very respectfully,

D. W. LINDSEY,
Inspector and Adjutant-General Kentucky.

JAMES F. BLOUNT, Esq.,
Proctor, Owsley County, Kentucky.

The petitioner states that under said order and an act of the legislature of Kentucky, approved January 26, 1864, entitled "An act to authorize the governor to raise a force for the defense of the State of Kentucky," he was appointed "mustering-officer," with the rank of captain, for the troops raised under said act, and known as the "Three Forks' Battalion" of the Kentucky State-Guard, which battalion was organized and accepted into the military service of the State on the 27th day of August, 1864, for six months, but were not discharged until about the 17th day of August, 1865; that he actually performed the duties of mustering-officer for said command during the period of its service.

He further says he was loyal to the Union Government; that on account of his known loyalty he suffered losses by acts of the rebels to the amount of several hundred dollars. He states that said home-guard did good and efficient service to the State and to the Government, frequently serving as an outpost or picket for the Army of the United States; that said home-guard was paid off by the State at the time of their discharge.

The petitioner claims that he is justly entitled to the pay of a captain in the United States Army for eleven months and twenty days, and asks an appropriation in his behalf of the sum of \$1,405.85.

This military force was never mustered into the service of the National Government or under the control of its officers. It was strictly a military force of the State, under the command of its officers, and paid by the State.

The committee know of no law authorizing the payment of said claim, or any part thereof. This company was organized under a State law, for home protection, and armed by the State and paid by the State, and if any service was rendered by it to the National Government, the State of Kentucky alone could claim compensation.

The committee therefore recommend said claim be wholly disallowed.

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THOMAS WEEKS.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 1869.]

The Committee on War-Claims, to whom was referred the claim of Thomas Weeks for payment for services rendered in the year 1845-'46, in California, in the beginning of the Mexican war, having had the same under consideration, report:

The petitioner, Thomas Weeks, of Sheboygan County, Wisconsin, states that he was one of the crew of the whale-ship Stonington, and shipped on board when said ship was lying off the island Kodiak, Alaska, in 1845, when said vessel was on her return-voyage from the northwest. That said vessel proceeded southward along the coast and stopped at San Diego, California, where she was the only vessel in port. That while there temporarily, information was received that a strong force of Mexicans were marching on the town. That many of the inhabitants of the place fled for refuge and were received on ship-board. That a few days after said Mexican force had taken possession of the town, a detachment from the vessel, under command of petitioner, landing in the night-time, recaptured the town, the Mexican military retreating to Los Angeles. That on the arrival of Lieutenant Gillespie, a United States marine sent down by Commodore Stockton from Santa Barbara, an expedition consisting of forty men, under his command, went to the relief of Captain Kearney's command at Los Angeles, who were in great danger of defeat and capture. That petitioner accompanied said expedition. That subsequently, on the arrival of Commodore Stockton at San Diego, the said ship's crew were allowed to proceed on their homeward voyage in said whaling-vessel.

The petitioner claims payment for about fifteen months' service, six months of which time he was detained in military service in California, and nine months on the homeward voyage with said whale-ship. And he demands \$75 per month for the whole time, and pay for rations and clothing and bounty, as allowed to the soldiers and officers who enlisted in the United States in the Mexican war, and he alleges that Commodore Stockton promised he should be so paid.

There is no proof adduced in support of the allegations of the petitioner, and it seems none is to be found in any of the departments of the Government in anywise justifying the said claim. Nearly thirty years have elapsed since the services are alleged to have been rendered.

To allow such claim at this time, when all opportunity of defense by counter-proof is unavailable by death or forgetfulness of witnesses, or loss of written evidence, would be extremely dangerous and an invitation to present stale claims against the Government.

The committee therefore recommend that the H. R. bill 1869, referred with said claim, be laid upon the table.

REPORT
OF THE
COMMISSIONER OF THE
LAND OFFICE
FOR THE YEAR
1887

Presented to the
Senate and House of Representatives
at their first session, 1887-88
by
J. M. Smith, Commissioner

WASHINGTON:
GOVERNMENT PRINTING OFFICE:
1888

The following report of the Commissioner of the Land Office for the year 1887, is submitted to the Senate and House of Representatives at their first session, 1887-88. It contains a full and complete statement of the business of the office during the year, and of the progress of the various projects of legislation and administration which have been carried on. It also contains a full and complete statement of the condition of the public lands, and of the progress of the various projects of reclamation and irrigation which have been carried on. The report is divided into two parts, the first of which contains a full and complete statement of the business of the office during the year, and the second of which contains a full and complete statement of the condition of the public lands, and of the progress of the various projects of reclamation and irrigation which have been carried on.

The first part of the report contains a full and complete statement of the business of the office during the year. It contains a full and complete statement of the various projects of legislation and administration which have been carried on, and of the progress of each of these projects. It also contains a full and complete statement of the various projects of reclamation and irrigation which have been carried on, and of the progress of each of these projects. The second part of the report contains a full and complete statement of the condition of the public lands, and of the progress of the various projects of reclamation and irrigation which have been carried on. It contains a full and complete statement of the various projects of reclamation and irrigation which have been carried on, and of the progress of each of these projects. It also contains a full and complete statement of the various projects of reclamation and irrigation which have been carried on, and of the progress of each of these projects.

LUCINDA McGUIRE.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 3066.]

The Committee on War-Claims, to whom was referred the petition of Lucinda McGuire, for compensation for the use and occupation of certain buildings in the city of Memphis, Tenn., in the so-called "Webster block," from March 24, 1863, to May 31, 1865, and for damages to the same, and claiming \$21,038.22, report :

That it appears the claimant was the owner of two buildings in the so-called "Webster Block," in the city of Memphis, Tenn.; the said buildings being four-story high.

That, on the 24th of March, 1863, the Government, by military authority, took possession of said "Webster block" for hospital purposes for the use of the Army, and occupied said buildings until the 31st day of May, 1865—two years, six months, and six days.

That the said Lucinda McGuire was a minor under the age of twenty-one years; that John Lonsdale was her guardian. But it is not stated or shown what was her age during such occupancy of said buildings as a hospital.

From the testimony it appears she was married to William E. McGuire, on the 15th of October, 1867, whence it may be reasonably inferred she was of such age during the war as to be accountable for any disloyalty to the Government.

Her loyalty to the Government during the war is neither proved nor alleged, but the loyalty of the said guardian is affirmed. If she were of such age during the continuance of the war as to be responsible, and was disloyal to the Government, the loyalty of such guardian would not relieve her from such responsibility.

There is no evidence of any contract or lease of said premises to the Government, oral or otherwise.

This claim was once examined by the Third Auditor of the Treasury Department, and upon the question whether there was or was not a contract by or on behalf of the Government to pay rent for the use of said premises, the Third Auditor says :

In my opinion the evidence does not support the allegation of fact; on the contrary, it clearly shows, I think, that the property was taken possession of and used without any contract.

The petitioner states in her petition that there was paid by Deputy Quartermaster-General Clary the sum of \$1,526.78 on account of rent of said buildings, on or about the time of the surrender of the possession of said buildings by the military authority; he being only then in funds for that purpose.

The claimant produces the original notice by Deputy Quartermaster-General R. E. Clary, here copied:

DEPUTY QUARTERMASTER-GENERAL'S OFFICE,
Memphis, Tenn., June 1, 1865.

J. G. LONSDALE, *Memphis, Tenn.:*

SIR: The two buildings in the Webster block, heretofore rented from you for military purposes, being no longer required, the rent for which will cease on the 31st May, 1865.

Respectfully, your obedient servant,

R. E. CLARY,
Deputy Quartermaster-General.

The evidence does not show any authority for said Deputy Quartermaster-General by implication to acknowledge the existence of a lease or contract to bind the Government to pay rent for use of said buildings.

That although there may have been some understanding to pay rent for some portion of time near the close of the occupation by the military, the character of the payment reasonably shows it was in full for such rent, else why should the Deputy Quartermaster-General have paid just \$1,526.78? Why pay the odd dollars and 78 cents, instead of a round sum of dollars?

So far from this payment being proof in support of the claim, it seems strong evidence in was in full payment of all rent due.

The committee conclude, after consideration of this claim, that there is no sufficient evidence to warrant them in recommending payment of the whole or any part thereof, and recommend that the bill be laid upon the table.

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ELIZABETH GILLOCK.

MARCH 3, 1875.—Ordered to be printed.

Mr. BARBER, from the Committee on War-Claims, submitted the following

REPORT:

The Committee on War-Claims, to whom was referred the petition of Elizabeth Gillock, for compensation for use and occupation of certain houses at Franklin, in El Paso County, in Texas, from about the 1st of September, 1862, until about the 1st of September, 1866, having had the same under consideration and examined the testimony in support thereof, report:

That it appears that this claim has been presented to the proper Department and wholly disallowed.

The petitioner does not state, nor does any witness on her behalf state, that she was loyal to the Union Government during the war of the rebellion.

On the contrary, it seems reasonable to infer that she sympathized with the rebel cause, from the fact that she has embodied in her petition an oath of loyalty as to the future without any statement of loyalty as to the past. She resided in a State declared in rebellion against the Government, and if she had really sympathized with the Union Government she would have so stated.

The property was unoccupied at the time the military took possession. The claimant was absent and did not return until about September, 1866, and about the time the possession of the building was surrendered. One witness of claimant states that while the Union forces were in possession he heard the matter of the confiscation of the property talked of, which would scarcely have happened if she had been loyal to the Union.

There is no sufficient or satisfactory evidence of any contract by any authorized agent of the Government to pay rent for occupation of the premises. The petitioner states that she was absent from the country during all the troubles growing out of the war; that she never had any receipt or voucher concerning the occupation by Union troops.

The petitioner claims for rent of buildings as follows:

For four years' rent, from September 1, 1862, to September 1, 1866, of hotel-building, at \$150 per month.....	\$7, 200
Damages to same.....	5, 000
Use of dwelling-house property.....	2, 400
Damages to same.....	1, 000
Total.....	15, 600

A state of war continued in Texas until the President's proclamation of August 20, 1866, proclaimed the "insurrection at an end."

The exact length of time the premises were occupied by Union troops does not appear. The petitioner states the time to be four years.

William M. Ford, in his deposition, states the time at "about four years."

Eugene Van Patten deposes that it was in July or August, 1862, the Union troops came to El Paso. There is no certain evidence that the officers and soldiers occupied at a later date than the date of the proclamation of the President of August 20, 1866, declaring the "insurrection at an end."

In regard to the liability of the Government, there is no evidence of authority given to rent the said property, or of any lease of the premises; no lease or voucher of any contract is produced, nor the deposition of any officer in command of forces quartered in said premises produced, to show a contract of renting; and if there had been in fact any such contract, the claimant would have produced such evidence.

The order of the War Department of July 22, 1862—

Ordered that the military commanders within the States of Virginia, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, and Arkansas, in an orderly manner seize and use any property, real or personal, which may be necessary or convenient for their several commands as supplies, or for other military purposes.

The committee believe the Government had the right to take such military possession in its operations to suppress the rebellion, and to occupy the same for military purposes, without any liability to pay to the owner rents therefor.

That for the damages resulting from such use and occupation the committee fail to find any testimony to justify them in recommending payment by the Government.

They believe equally valid reasons could be urged to make compensation to the owners whose property was destroyed by our armies in their march to the sea and through the Carolinas.

The committee therefore report adversely, and recommend that said bill do lie upon the table.

J. E. ROBERTSON & CO.

MARCH 3, 1875.—Ordered to be printed.

Mr. BURCHARD, from the Committee on Ways and Means, submitted the following

REPORT:

[To accompany bill H. R. 4872.]

The Committee on Ways and Means, to whom was referred the petition of J. E. Robertson & Co., dealers in tobacco at Indianapolis, Ind., praying for a refund of certain taxes assessed and collected upon certain tobacco belonging to them, upon which a previous tax had been paid, submit the following report :

That the petitioners, Messrs. J. E. Robertson & Co., were, on the 23d day of April, 1869, dealers in tobacco in the city of Indianapolis, in the sixth collection-district of Indiana, and on the day aforesaid, owned and had in their possession seventy-two caddies of plug-tobacco, which they had previously purchased in open market of Messrs. A. Jones & Co., tobacco-dealers in good standing, at Indianapolis aforesaid, as tax-paid tobacco, the same bearing the brand of the collector of internal revenue; that the tax thereon had been paid as required by law; that, on the day aforesaid, the said tobacco was seized by the collector of internal revenue for the sixth district of Indiana, upon the charge that the taxes thereon had not been paid, and that the brands upon the caddies containing the same were fraudulent and forged, and that thereupon the United States district attorney for the district of Indiana libeled the said tobacco, and proceedings thereon were continued from time to time until the month of July, 1870, when the libel was dismissed and all proceedings thereon discontinued, the said tobacco returned to the petitioners, and the suit voluntarily abandoned by the Government, because of failure to obtain evidence sufficient to sustain the same; that, by the act of Congress entitled "An act imposing taxes on distilled spirits and tobacco, and for other purposes," approved July 20, 1868, a change was made in the classification, rate of tax, and manner of packing and stamping manufactured tobacco, and it was provided that—

After the first day of January, 1869, all smoking, fine-cut, chewing-tobacco, or snuff, and, after the first day of July, 1869, all other manufactured tobacco of every description, shall be taken and deemed as having been manufactured after the passage of this act, and shall not be sold or offered for sale unless put up in packages and stamped as prescribed by this act, except at retail by retail dealers from wooden packages, stamped as provided for in this act; and any person who shall sell or offer for sale, after the first day of January, 1869, any smoking, fine-cut, chewing-tobacco, or snuff, and after the first day of July, 1869, any other manufactured tobacco, not so put up in packages and stamped, shall, on conviction, be fined not less than five hundred dollars nor more than five thousand dollars, and be imprisoned not less than six months nor more than two years.

It will be observed that the tobacco in question was seized on the 23d day of April, 1869, and that the period during which it could be sold, without the payment of an additional tax, expired on the first day of July, 1869, up to which date, and long after, it was held by and remained in the possession of the Government.

When the tobacco was restored to the possession of its owners, the petitioners, it was impossible to sell it, as it was unlawful for them to offer it for sale without a repayment of the taxes thereon, and they accordingly, on the 13th day of July, 1870, purchased the stamps required by law and affixed them to the caddies containing this tobacco.

The above facts are fully sustained by the affidavits accompanying the petition.

As to the payment of the first tax, the affidavit of Aquilla Jones, a member of the firm of A. Jones & Co., from whom the petitioners purchased the tobacco, shows that his firm purchased it in open market, in good faith, as tax-paid tobacco, and that it bore the brand of the collector of internal revenue upon it, indicating that it was so paid.

Thomas M. Brown, who was the United States district attorney for the district of Indiana in 1869 and 1870, and who prosecuted the libel-suit in this matter, testifies that, for lack of evidence he had the proceedings continued from time to time, from April, 1869, until July, 1870, a year and three months, in order to obtain such facts as would result in the confiscation of the tobacco, but wholly failed to secure evidence to support the charges made, and for that reason abandoned the prosecution; that he has no reason to believe that the tobacco had not paid tax, and that he does believe that the tax had been paid and that the brands on the caddies containing the tobacco were genuine.

As to the payment of the second tax, the affidavit of L. M. Phipps, one of the present deputy collectors of the sixth district of Indiana, and who was, in 1869 and 1870, an assistant assessor of the same district, shows that at the time this tobacco was released by the Government into the possession of the petitioners, he informed them that it was unlawful for them to expose the same for sale without purchasing and affixing thereto such stamps as the law required; that thereupon, on the 13th day of July, 1870, they purchased the necessary stamps, amounting to \$432.96, and on the day aforesaid affixed them in his presence to the caddies containing this tobacco, in full accordance with the requirements of the law; that the caddies so stamped were the identical packages seized and libeled in April, 1869, by the Government, and released in July, 1870, and still bore the collector's brand, indicating that the tax thereon had been previously paid.

Frederick Baggs, the present collector of the sixth district of Indiana, certifies that the records of his office show the purchase of tobacco-stamps on the 13th day of July, 1870, by J. E. Robertson & Co., to the amount of \$432.96.

As the petitioners were prevented from disposing of their tobacco, within the period limited by law, by the acts of the officers of the Government without any fault on the part of the petitioners, your committee are of the opinion that the amount of the second tax on the tobacco in question, which they were required to pay, should be refunded to them, and in accordance therewith recommend the passage of the accompanying bill.

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JONATHAN L. JONES.

MARCH 3, 1875.—Ordered to be printed.

Mr. CLEMENTS, from the Committee on Patents, submitted the following

REPORT:

[To accompany bill H. R. 4873.]

The Committee on Patents, to whom was referred the petition of Jonathan L. Jones, have considered the same, and report as follows :

This is an application by Jonathan L. Jones for pay by the Government for the use of his patent for "Improved defensive armor for water and land batteries."

It appears from the evidence that the petitioner, Jonathan L. Jones, is a civil engineer, and prior and up to the beginning of the war of the rebellion was engaged in the Western and Southern States in constructing wooden and iron bridges for railroad and other purposes; that in October, 1861, while engaged in erecting iron bridges on the line of the Saint Louis and Iron Mountain Railroad, in Missouri, he was sent for by the military authorities at Saint Louis to take charge of and construct the iron casemates upon thirty-eight mortar-boats then in course of construction at Saint Louis. This was accomplished in a manner eminently satisfactory to the military authorities, and Mr. Jones was on the 19th day of December, 1861, ordered by the late Admiral A. H. Foote to report to the late Commodore W. D. Porter, on board the gun-boat Essex, at Cairo, Illinois, to iron-plate that vessel. This order was obeyed, Mr. Jones reporting for duty December 21, 1861, and plating said vessel according to the directions of the authorities. Jones had been for some years investigating and experimenting upon the effect of sudden blows upon iron and the best methods of preventing or at least mitigating the damages occasioned thereby. While engaged in casemating these mortars and gun-boats, he saw the benefits that must accrue could some means be invented to prevent or even lessen the effect of solid shot striking the iron plating of the vessels. At length he matured his plan, applied for and, on the 15th day of April, 1862, obtained a patent for what he terms his "defensive armor for water and land batteries."

Prior to this time the method of protecting vessels was a casing of heavy timber on which the iron plating was placed, being fastened by iron bolts running through the iron plates and timber. Jones's invention consisted in placing a thick plate of India rubber between the wood and iron as a cushion for the iron to rest upon; also in an elastic washer on the ends of the iron bolts to prevent the nuts flying off in the faces of the men when the plating was struck by solid shot of the enemy.

The gun-boat Essex having been disabled by a shot from the enemy's guns at Fort Henry, February 6, 1862, she was sent to Saint Louis, Mo., for repairs. Here it was decided to place upon her Jones's patent

armor. In the haste and excitement and enthusiasm of the occasion, being just after the battles of Forts Henry and Donelson, Jones immediately went to work. Proud, as all inventors are, of an opportunity to make a success of his discovery, and relying with implicit confidence on the promises of the naval authorities and the good faith of the Government, he placed his armor on the vessel without any contract as to amount to be paid, but simply on the assurance of the authorities that he should be amply remunerated. Further than this, he advanced considerable sums to the workmen employed on the work, when the Government failed to be ready to pay, for which he never received any return.

During the summer and fall of 1862, the gun-boats Lafayette and Choctaw were also plated with this armor. For the use of this armor Mr. Jones has received nothing from the Government.

The question arises, Why has this matter been so long delayed?

The evidence shows that it was presented to the House by Mr. Rollins, of Missouri, in February, 1863, but no steps were taken in regard to the matter. Afterward, in December, 1863, it was presented in the Senate by Mr. Scott, of the same State. However, the matter seems not to have been pressed, and no action was taken, all the energies of the Government being bent to a successful prosecution of the war rather than to settling private claims growing out of the war. Again, in 1869, Jones began preparing his evidence in order to present to Congress his claims to compensation. While so engaged he was attacked with inflammatory rheumatism and wholly disabled. He remained afflicted with this disease, suffering at times intensely, until near the beginning of the present Congress, when, after being down in health and almost bankrupt in purse, he regained sufficient strength to again begin his work. This, in the judgment of the committee, sufficiently accounts for the delay.

There remain one or two other questions. First, should Jones be paid anything for the use of his patent? and if this be answered in the affirmative, how much should he receive?

No fair-minded man should claim that the Government has any right to use the property of an individual without compensating him therefor. The doctrine that the Government has the right to the property of the individual citizen, be that property of whatever kind, or to his time, or his services, without compensation, has its origin in that theory of government which holds that the people belong to and are the slaves of the government; that they are created for its glory and aggrandizement, and is wholly at variance with our theory that the government is "of the people, by the people, and for the people." Justice to all the people demands the recognition in each case of the principle of "just compensation" for property, time, or services. Jones should certainly be paid something.

How much should he receive? Fortunately your committee are not left without official evidence of the value of this invention. The proofs show that vessels plated with this armor possessed a degree of power to resist the destructive force of the shot and shell of the enemy much greater than others not similarly plated. The Essex ran the batteries at Vicksburgh, receiving their concentrated fire. The forward parts of the vessel, which were covered with this plating, although often struck, were never penetrated, while the after parts, being simply iron-plated, (without rubber,) were penetrated. Subsequently she attacked and destroyed the confederate ram Arkansas, a most powerfully-built vessel, well manned and equipped. During this engagement she was struck numberless times by solid shot and shell at short range, the shot ranging in

size from grape to eight, nine, and ten inch solid shot. That portion of the vessel protected by this armor was not once penetrated. The Congress of the United States afterward voted a bounty of \$25,000 to the crew of the Essex for destroying the Arkansas; but Jones, whose invention had made this work possible, has received nothing.

The reports of the successful actions of these vessels occupy prominent places in the reports of the Secretary of the Navy from 1862 to 1865. These reports show that these vessels were in numerous severe engagements, often at close range, yet not one commissioned officer, and but one enlisted man, was killed and three wounded on them. We may judge from this of the efficiency and value of this armor as a protection to human life. The naval reports for 1862-'63 show that up to that time these vessels had been struck 276 times, but in no instance were the portions covered by this coating penetrated.

These vessels also captured and assisted at the capture of prizes to the amount of millions of dollars. Such is the work this armor has accomplished.

C

THOMAS MITCHELL.

MARCH 3, 1875.—Ordered to be printed.

Mr. CLEMENTS, from the Committee on Patents, submitted the following

REPORT:

[To accompany bill H. R. 2460.]

This is an application by Thomas Mitchell for leave to apply to the Commissioner of Patents for an extension of his letters-patent, granted to him June 28, 1859, and re-issued January 17, 1870, for an "improvement in a machine for making hair-brush handles."

There is but one point in this case. Under the law, as it stood at the time of granting these letters-patent, a patentee was entitled to an original term of fourteen years, with an extension of seven years, making twenty-one years in all. The application for the extended term must be made at least ninety days prior to the expiration of the original term. As the law now stands, all patents granted prior to March 2, 1861, have an original term of fourteen years and an extended term of seven years. All granted since March 2, 1861, have one term of seventeen years and no extension.

This petitioner was entitled under the law to an extension. He made the application on the 24th day of March, 1873, being ninety-four days before the expiration under the original term.

On the 14th day of June, 1873, fourteen days before the expiration of the original term, and eighty-six days after filing the application, the examiner reported in favor of granting the extension; but, on the 28th day of June, 1873, the day of the expiration of the original term, the Acting Commissioner rejected the application. In his opinion he uses the following language: "It has been discovered, at the last moment, that the applicant has twice re-issued the patent in question. * *

* * The decisions of the Office heretofore have been adverse to the extension of the original patent under such circumstances. It is now too late to amend the case, as the patent expires to-day. * * The prayer of the petitioner is, therefore, refused."

It may be well to state that a re-issue is not an extension, but is simply a surrender and cancellation of letters-patent, and the taking out of amended letters; and it is done when it is found that the original letters do not exactly correspond with the claims made in the plans and specifications. These amended letters only run for the remainder of the original term, and do not work one hour's extension. Mitchell had had a re-issue of his letters, but being unadvised of the rulings of the Office in regard to reissues, supposed he must make the application for an extension of the original letters, although he should, in accordance with this ruling, have made it for the re-issued letters.

Nevertheless, when the application had lain in the Office over three

months, the examiner states that there is no objection to the extension, otherwise his petition could have been amended; but on the last day the discovery of this error in his application is made, and it was then too late to make the correction, as the Commissioner determined.

It may not be amiss to add that, if an extension should be granted by the Commissioner, the extended term would go entirely to the patentee himself, who is a poor mechanic, working by the month for wages. The evidence also shows that he received for his original term \$2,000, all told, a large portion of which, or money equal to that amount, was expended in perfecting his invention.

Under the circumstances, the committee feel that it is but an act of simple justice that the inventor should have an opportunity to make his application in proper form, and to that end recommend the passage of the accompanying bill.

INDIANS IN WASHINGTON TERRITORY.

MARCH 3, 1875.—Ordered to be printed.

Mr. COMINGO, from the Committee on Indian Affairs, submitted the following

REPORT:

[To accompany bill H. R. 4874.]

The Committee on Indian Affairs, to whom was referred the letter of the Secretary of the Interior, dated January 5, 1875, it being Executive Document No. 87, second session Forty-third Congress, relative to the consolidation of certain bands or tribes of Indians in Washington Territory, having had the same under consideration, submit the following report:

That during the years 1854, 1855, and 1856, treaties were made with various tribes and bands of Indians in the vicinity of Puget Sound and the Pacific coast, in Washington Territory, for the occupation of twelve reservations, designated as follows: Makah or Neah Bay, Quinaielt, Chehalis, S'Kokomish, Squaxin, Nisqually, Puyallup, Muckleshoot, Port Madison, Swinomish, Lummi, and Tulalip or Snohomish.

The treaties, by their terms, contemplated the temporary occupancy only of so large a number of reservations, and in each the consent of the Indians is given to their removal and consolidation upon a smaller number of reservations at any time, in the discretion of the President.

The number of Indians embraced in the treaties referred to has been too small to justify the expensive machinery of an agency for each reservation. Five agents are now employed by the Government, who are made responsible for the care of all the Indians in that section of the Territory, leaving seven reservations without resident white employés, and at distances too great from each other to render it practicable for the agent in charge to give to the occupants any attention except from occasional brief visits. The results, therefore, show no substantial progress in civilization on the part of these Indians, whose industry consists mainly in fishing and in the employment of lumbermen in the vicinity of Puget Sound. And to such an extent have they wandered away from the reservations, that while their aggregate population is given at about 7,500, not more than 2,250 are actually on reservations, and less than 1,500 reside on the reservations at which the five agencies are located.

The committee, therefore, believe that economy on the part of the Government, as well as the care and well-being of the Indians, require the consolidation of these people upon a smaller number of reservations, under circumstances such as will enable them to receive the personal supervision and instruction of the agents and their employés.

A commission during the past season visited the locality, and seem to have made a reasonably thorough examination of each reservation, for the purpose of ascertaining what locations for the proposed consolida-

tion would be best calculated to afford remunerative labor and by their surroundings furnish conditions most favorable for progress in civilization. And for this purpose they have designated the S'Kokomish and Lummi reservations, on Puget Sound, and Neah Bay, on the Pacific coast. The two former are limited in area, containing but 5,000 and 12,000 acres, respectively. The enlargement of the S'Kokomish reservation to include all the desirable land in the valley of the S'Kokomish River will not require the addition of more than one and a half townships of land, including a small settlement, the improvements of which will be of great value to the Indians, if in their possession, but which, from its proximity to the agency, is now a source of demoralization. The estimated cost of purchasing the private property included in the proposed enlargement is \$50,000.

It is proposed to enlarge the Lummi reservation by extending it northward, increasing its dimensions to about double its present area, at an estimated cost of \$10,000. Both these reservations contain a sufficient quantity of excellent land for cultivation, and are well located for the pursuits of fishing and logging, on which the people of these localities mainly depend for support.

The Neah Bay reservation now contains about 23,000 acres, and is deemed sufficient for the purposes of the Indians to be placed upon it.

The Indians belonging to the two Pacific coast agencies have not adopted the habits of civilization, and inasmuch as the pursuit of whales and fur-seals furnish profitable employment, they would not easily be induced to engage in agricultural pursuits if good land could be secured. A considerable portion of the land of the reservations proposed to be discontinued, although not cultivated to any considerable extent by the Indians, is valuable, and if disposed of for the largest available price, would more than re-imburse the Government for the cost of establishing the Indians proposed to be removed in their new homes under auspices much more favorable to their progress.

One great want of the Indian who has to any extent engaged in the pursuits of civilized life is the recognition of the rights of individual property, and especially in the possession of a home, the title of which shall be vested in himself. The condition of the Indians in the vicinity of Puget Sound seems to be such as to justify securing to them such rights, and the committee recommend that allotments of land be made upon the enlarged S'Kokomish and Lummi reservations, to remain inalienable for a term of years, after which, if the person or family shall continue to occupy the same, the title may be granted in fee-simple.

The committee submit the accompanying bill, and recommend its passage.

SILAS M. NORTON.

MARCH 3, 1875.—Ordered to be printed.

Mr. DUNNELL, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 4875.]

The Committee on Claims, to whom was referred the petition of Silas M. Norton, postmaster at Bristol, Conn., have had the same under consideration, and respectfully report:

The following is the sworn petition of the claimant:

To the Congress of the United States, 1st session of the 43d Congress:

The undersigned, postmaster at Bristol, in the county of Hartford, State of Connecticut, respectfully represents that, on the 13th day of April, A. D. 1873, the block in which was located the post-office of said town of Bristol was consumed by fire. The fire was first discovered about 2 o'clock in the morning of said April 13, in a clothing-store adjoining the post-office, and when so discovered had made such progress as to render it impossible to save anything, either in the post-office or any other room in the block. With the property so consumed in the post-office were not less than twenty-two money-orders that had been paid by me during the week ended April 12, 1873, said orders amounting in all to the sum of \$578.53, as nearly as the sum can be ascertained. I have been able to obtain receipts from the parties to whom I paid fifteen of the orders, amounting to the sum of \$392.83, which amount the Auditor has allowed me; this leaves a balance of seven or more orders, amounting to the sum of \$185.70, which I have been unable to trace.

I therefore respectfully ask that an appropriation be made by Congress to refund the said sum of \$185.70, so paid by me on said money-orders, and for which I have been unable to obtain the necessary vouchers, so that the same could be allowed by the auditor.

Respectfully submitted.

SILAS M. NORTON,
Postmaster.

COUNTY OF HARTFORD,
State of Connecticut, ss:

BRISTOL, December 8, 1873.

S. M. Norton, signer of the above, being duly sworn, deposes and says that the foregoing statement is correct and true in all respects and particulars, to the best of his knowledge and belief. Before the subscriber, a notary public in and for said State.

JAMES SHEPARD,
Notary Public.

Your committee present, as a part of this report, the following letter from Hon. J. R. Hawley to the Postmaster-General, and the reply of the Post-Office Department thereto:

HOUSE OF REPRESENTATIVES,
WASHINGTON, May 19, 1874.

SIR: I inclose the petition of Silas M. Norton, postmaster at Bristol, Hartford County, Conn., in which he makes affidavit to the circumstances attending the loss by fire of certain money-orders which he had paid. For some of these orders he obtained

duplicate receipts: others he could not trace. Will you please cause the proper inquiry to be made as to whether any papers in your Department throw any light upon the case; and whether there is any objection to Congress granting the relief he seeks?

Respectfully, yours,

J. R. HAWLEY, M. C.

Please return the petition.

Hon. J. A. J. CRESWELL,
Postmaster-General.

OFFICE OF THE AUDITOR OF THE TREASURY
FOR THE POST-OFFICE DEPARTMENT,
Washington, June 6, 1874.

SIR: Your letter of May 19th last, addressed to the Postmaster-General, in regard to the petition of Silas M. Norton, postmaster at Bristol, Conn., having been referred to this Office, I would say in reply that it appears from the money-order statement of the postmaster at Bristol for April 12, 1873, that he had on hand, before the fire that destroyed his office on the morning of the following 13th, a balance due the United States of \$312.70; but it seems from his first money-order statement subsequent to the said fire, that of April 19th, that he had remaining from the above-named balance but \$125, so that there appears to have been a loss of \$187.70; which loss was probably caused by the destruction, through the fire, of money-orders paid by Mr. Norton previous to the fire, and of which he could obtain no trace, nor, consequently, was he able to furnish any vouchers therefor.

Very respectfully,

J. J. MARTIN,
Auditor.

Hon. J. R. HAWLEY, M. C.,
House of Representatives, Washington, D. C.

POST-OFFICE, BRISTOL, CONN.,
December 8, 1873.

DEAR SIR: Inclosed I send you a statement showing my loss by the burning of money-orders at the time my office was destroyed by fire, and request that you will cause such action to be taken as you may think best. I intended to have had Mr. Newell assist me in making this statement, but he has been out of town, and I don't wish to wait longer. I have therefore written this myself. If it is not correct please return it and I will try again.

Yours, respectfully,

SILAS M. NORTON,
Postmaster.

Hon. J. R. HAWLEY.

Your committee, in view of the foregoing facts and evidence, recommend the passage of the accompanying bill.

○

JACKSON LAVENBURG.

March 3, 1875.—Ordered to be printed.

Mr. DUNNELL, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 4876.]

The Committee on Claims, to whom was referred bill H. R. 4087, have had the same under consideration, and submit the following report:

The petitioner asks compensation for one hundred and fifty-six dollars and ninety cents postage-stamps, ninety dollars money taken in the post-office for stamps; one hundred and ninety-five dollars and sixty-five cents for money-orders, stolen in the late robbery of the post-office at Unionville, Mo.; and one hundred and eight dollars for expenses incurred in arresting the thief.

Your committee find from an examination of the papers furnished in the case by the Post-Office Department that the money-orders were recovered from the thief, and that the claimant received them back. It is due to the claimant to report that the recovery was subsequent to the introduction of the bill for his relief.

Your committee do not deem it proper to refund the money stolen which had been received for stamps, as said money could not be considered as belonging to the Government, and your committee further state that claimant was not called upon to expend any money for the arrest of the thief or for his conviction. That was the duty of other officers of the Government.

Your committee therefore report back a substitute to bill H. R. 4087, allowing the claimant the sum of one hundred and fifty-six dollars and ninety cents for the stamps stolen, which the records of the Post-Office Department show were in his possession at the time of the robbery.

THE HONORABLE THE SECRETARY OF THE
TREASURY
WASHINGTON, D. C.

DEAR SIR:
I have the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the matter mentioned therein.

The same has been referred to the proper authorities for their consideration, and it is hoped that a satisfactory result will be reached in due season.

I am, Sir, very respectfully,
Yours truly,
J. M. [Signature]

Very respectfully,
J. M. [Signature]

Very respectfully,
J. M. [Signature]

BISHOP AND COMPANY.

MARCH 3, 1875.—Ordered to be printed.

Mr. HAMILTON, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill S. 272.]

The Committee on Claims, to whom was referred the bill (S. 272) for the relief of Bishop & Company, bankers, of Honolulu, Hawaiian Islands, submit the following report:

That it appears by the letter of the honorable Secretary of State, that the claimants, Bishop & Company, bankers, of Honolulu, in the month of June, 1872, on request of the United States consul, advanced money for the relief of wrecked and destitute seamen, and the committee refer to the letter of the Secretary, which is hereto annexed, as part of this report. The committee, being fully satisfied with the justice and merits of the claim, report the said bill, and recommend its passage.

DEPARTMENT OF STATE,
Washington, January 11, 1875.

SIR: This Department, by a letter of December 19, 1873, addressed to the Hon. Z. Chandler, chairman of the Committee on Commerce of the Senate, commended to the favorable consideration of that committee, in order that the necessary appropriation might be made, the claim of Messrs. Bishop & Co., bankers, of Honolulu, Sandwich Islands, for \$1,180.73, gold coin, which originated in the failure of this Department to pay a draft on it, drawn by Mr. Mattoon, when consul of the United States at Honolulu, and negotiated through the claimants, for the relief of destitute seamen, the appropriation having been exhausted at the time at which the draft was presented.

The further facts in regard to the case are stated in the letter to the committee above adverted to, which, it is presumed, has been referred to your committee with the Senate bill No. 272, which passed the Senate on the 12th of May last, and was the same day referred to the House, with a request for the concurrence of that body, and which, on the 11th of June, 1874, was referred to your committee.

In view of the facts of the case, it is recommended that such action may be adopted by your committee as will result in the early concurrence of the House in the Senate bill.

I have the honor to be, sir, your obedient servant,

HAMILTON FISH.

Hon. JOHN B. HAWLEY,
Chairman Committee on Claims, House of Representatives.

THE UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

REPORT

ON THE PROGRESS OF THE SURVEY

OF THE LANDS OF THE UNITED STATES
IN THE TERRITORY OF ARIZONA

REPORT

FOR THE YEAR 1891

The following is a summary of the progress of the survey of the lands of the United States in the Territory of Arizona for the year 1891. The survey was conducted by the Bureau of Land Management, Department of the Interior, under the direction of the Commissioner of the General Land Office.

The survey was conducted by the Bureau of Land Management, Department of the Interior, under the direction of the Commissioner of the General Land Office. The survey was conducted by the Bureau of Land Management, Department of the Interior, under the direction of the Commissioner of the General Land Office. The survey was conducted by the Bureau of Land Management, Department of the Interior, under the direction of the Commissioner of the General Land Office.

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THE UNITED STATES OF AMERICA

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

OSCEOLA C. GREEN.

MARCH 3, 1875.—Ordered to be printed.

Mr. HAMILTON, from the Committee on Claims, submitted the following

R E P O R T :

[To accompany bill S. 629.]

The Committee on Claims, to whom was referred the bill (S. 629) for the relief of Osceola C. Green, administrator de bonis non and one of the heirs at law of Lieut. Col. Uriah Forrest, report :

That it appears from papers on file in the State Department, extracts from which accompany the papers in this case, that Uriah Forrest was a major in the Maryland line of the revolutionary army; that his commission was dated 1st of January, 1777; that he was afterward promoted to the rank of lieutenant-colonel until the close of the war; that the said Uriah Forrest died on the 8th of July, 1805, without having received the half pay due him under the resolution of Congress of October 21, 1780, and without having received the five years' full pay provided for by the law of March 22, 1783, which declared that the officers who were entitled to half pay for life might receive in lieu thereof five years' full pay in money, or in securities bearing interest at the rate of six per cent.

The facts of the case are clearly established from the records of the Departments of State and of Treasury, and the committee report back the said Senate bill without amendment, and recommend its passage, for the payment of the said half pay, without interest, as provided by said bill.

JOHN T. K. HAYWARD AND OTHERS.

MARCH 3, 1875.—Ordered to be printed.

Mr. HAMILTON, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 2663.]

The Committee on Claims, to whom was referred the bill (H. R. 2663) for the relief of John T. K. Hayward, Amos Stillwell, and Goodwin O. Bishop, of Hannibal, Mo., for transporting the United States mails, submit the following report:

The claim is fully supported by the records of the Post-Office Department, as per communication of March 5, 1874, from the Second Assistant Postmaster-General, hereto annexed and made part of this report, fully appears.

The committee therefore report the said bill, for the amount due, \$998.50, and recommend the passage thereof. The necessity for a special appropriation being, that all unexpended balances for the first three quarters of 1870 for the Post-Office Department have been covered into the Treasury.

POST-OFFICE DEPARTMENT,
OFFICE OF THE SECOND ASSISTANT POSTMASTER-GENERAL,
Washington, D. C., March 5, 1874.

SIR: An examination into the records of the Post-Office Department shows that payment is due to Messrs. Hayward, Stillwell & Co., contractors or owners of the Hannibal and Naples Railroad, for transportation of the mails between Hannibal, Mo., and Naples, Ill., from January 1 to June 8, 1870, on old route No. 11889. Contract term from 1866 to 1870, for forty-five and a half miles' service. Service was not ordered on the branch to Pittsfield, six miles, until July 1, 1870, at which time this railroad had been turned over to the Toledo, Wabash and Western Railroad Company.

The rate of pay was subsequently fixed at \$50 per mile per annum, and there would be due Messrs. Hayward, Stillwell & Co. pay at that rate for forty-five and a half miles, from January 1 to June 8, 1870, amounting to \$998.50. It may be, however, that similar service was performed over the six-mile branch to Pittsfield prior to July 1, 1870, the date of the order for service made by the Postmaster-General, but the records of the Department do not show the fact. Nor is there any record of authorized service before the order of December 21, 1869, which was complied with from January 1, 1870, as hereinbefore stated.

Before Messrs. Hayward, Stillwell & Co. can receive the pay due them it will be necessary to provide an appropriation by act of Congress, inasmuch as all unexpended balances for the first three quarters of 1870 have been covered into the Treasury. The Postmaster-General will be pleased to furnish any other or additional evidence to be required in these premises, and the papers filed by you are at your disposal.

Very respectfully,

JOHN L. ROUTT,
Second Assistant Postmaster-General.

HON. JOHN M. GLOVER,
House of Representatives.

REPORT

Presented to the House of Commons by the Secretary of State for the Colonies
in pursuance of a Resolution of the House of Commons, passed on the 11th March 1892

REPORT

of the
Commissioner of the General Land Office
for the year 1891
in pursuance of a Resolution of the House of Commons, passed on the 11th March 1892

The Commission of the General Land Office has the honor to acknowledge the receipt of the Report of the Secretary of State for the Colonies, dated the 11th March 1892, in pursuance of a Resolution of the House of Commons, passed on the 11th March 1892, and to inform the House of Commons that the Report has been received and is being considered by the Commission.

Wm. J. H. H. H.
Secretary of State for the Colonies

E. G. ALLEN.

MARCH 3, 1875.—Ordered to be printed.

Mr. HAMILTON, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 4250.]

The Committee on Claims, to whom was referred the bill (H. R. 4250) for the relief of E. G. Allen, report :

That it appears to the satisfaction of the committee that the said E. G. Allen, for full consideration paid by him, became the assignee of Isaac Uncapher, of a claim for bounty due said Uncapher ; that on May 6, 1872, a check for the amount was drawn by Charles T. Larned, paymaster in the United States Army, upon the Assistant Treasurer of the United States in New York, to the order of the said Isaac Uncapher, for the sum of one hundred and seventeen dollars and seventy-six cents, for the said claim, but that the said Isaac Uncapher cannot be found to obtain his indorsement of said check ; it appearing to the committee, by an assignment in writing and power of attorney duly executed, from said Uncapher to said E. G. Allen, that the said E. G. Allen is the lawful assignee, and authorized to receive the said claim for which said check was issued ; and the committee therefore report the bill to authorize the Treasurer to pay the said check to the said E. G. Allen without the indorsement of said Uncapher, and recommend its passage.

REPORT

OF THE

COMMISSIONERS OF THE LAND OFFICE

REPORT

FOR THE YEAR 1899

THE COMMISSIONERS OF THE LAND OFFICE, in compliance with the provisions of the Act of March 3, 1879, have the honor to submit to the Senate and House of Representatives the following report:

That it appears to the satisfaction of the Commission that the land office has during the year 1899, been actively engaged in the discharge of its duties, and that the same have been performed with fidelity and economy. The Commission has during the year 1899, received from the Secretary of the Interior, for the purpose of being sold, a large number of acres of land, and has during the same year, sold the same to the highest bidder, for the sum of \$1,000,000. The Commission has also during the year 1899, received from the Secretary of the Interior, for the purpose of being sold, a large number of acres of land, and has during the same year, sold the same to the highest bidder, for the sum of \$1,000,000. The Commission has also during the year 1899, received from the Secretary of the Interior, for the purpose of being sold, a large number of acres of land, and has during the same year, sold the same to the highest bidder, for the sum of \$1,000,000.

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ELIZA HOWARD POWERS.

MARCH 3, 1875.—Ordered to be printed.

Mr. HAMILTON, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 4877.]

The Committee on Claims, to whom was referred the petition of Eliza Howard Powers, having considered the same, submit the following report:

It appears that Mrs. Powers is a widow seventy-two years of age; that at the commencement of the late war of the rebellion she was a resident of the city of Paterson, N. J.; and from April 28, 1861, to August 14, 1864, she devoted her whole time, energy, influence, and means in the service and for the success of the Union cause; caring for the sick and wounded soldiers in the field and in hospitals; collecting and forwarding hospital-supplies and money for their relief, and ministering to their wants, and relieving their sufferings in camp, field, and hospital; acting during that time as the president of the Florence Nightingale Relief Association of Paterson, and from November, 1862, to August, 1864, she acted as assistant manager of the United States Sanitary Commission of New Jersey, and in such capacity she collected from individual citizens, and forwarded to relief associations and hospitals, over eight thousand dollars in money, and over twenty thousand articles for hospital use; that she received no pay or compensation of any kind for these services; that her necessary subsistence and transportation were paid from her own means and from moneys by her collected; that her whole means were expended in the service in which she was engaged; that in consequence of exposure and fatigue, her health was impaired and she became seriously sick, and that she contracted serious disabilities, from which she has never recovered; that from 1867 to September 1874, she had employment in the Post-Office Department, by which she was enabled to support herself, but that employment has been taken from her, and she finds herself, in her old age, without the means of support, and she appeals to the Government for some recognition of her services and sacrifices during the war.

The committee, in view of the valuable services and outlays made and rendered by the petitioner, and of the sacrifices made by her in behalf of the country, and considering her great age and indigent circumstances, believe that some compensation should be awarded to her, and they report and recommend the passage of the accompanying bill for the payment to her of \$3,000, as a substitute for bill H. R. No. 4122.

DIXON SHINAULT AND OTHERS.

MARCH 3, 1875.—Ordered to be printed.

Mr. HAMILTON, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 4878.]

The Committee on Claims, to whom was referred the claims of Dixon Shinault, of Virginia, John W. Watson and Lewis Goodwin, of North Carolina, report:

That it appears, from the records of the Treasury Department, (office of the Light-House Board,) that Dixon Shinault was employed and paid as mate of the Wolf-Trap light-vessel up to December 31, 1860, at the rate of \$30 per month.

That John W. Watson was employed and paid as mate of the Brant Island Shoal light-vessel up to December 31, 1860, at the rate of \$25 per month.

That Lewis Goodwin was employed and paid for the same period as a seaman, at \$18 per month.

That there is no record of any pay being made to the above parties after December 31, 1860. But it does not appear, to the satisfaction of the committee, what amount of services were rendered by the said parties subsequent to the date of December 31, 1860, the said parties respectively claiming that they severally continued in the like service, respectively, for the next following quarter, up to April 1, 1861, for which no payment was made to them.

The committee believing it to be but equitable and just that they should be paid, if they shall respectively make it appear to the proper accounting-officer of the Treasury that they severally rendered the services by them claimed, do herewith report a bill accordingly for the payment to them of the amount which may be found to be due to them respectively, and recommend its passage.

HARVEY & LIVESEY.

MARCH 3, 1875.—Ordered to be printed.

Mr. HAMILTON, from the Committee on Claims, submitted the following

R E P O R T :

The Committee on Claims, to whom was referred the petition of Harvey & Livesey, respectfully report :

That they cannot recommend the relief prayed for by the bill.

It appears by the case as presented to the committee that the matters in controversy were litigated between the said claimants and the United States before the Court of Claims. The controversy grew out of a contract to build a bridge across the Mississippi River between Rock Island and the city of Davenport; the claimants claimed an award for the work done by them, and for damages for non-compliance with the contract on the part of the United States. The court, after a full hearing, awarded the claimants \$76,344.47 for work done, and \$20,068 for damages. Chief-Justice Drake dissented from the judgment of the court, on the grounds that the breach of contract complained of was not satisfactorily made out and as to the amount of the damages awarded.

The claimants have availed themselves of the amount awarded to them, but they appeal to Congress for further redress, and say that injustice has been done them; that there were certain work done and materials provided in the construction of coffer-dams which were not allowed to them by the court, and to which they were entitled.

The committee feel bound to suggest, in answer to this, that a claim for building the coffer-dams was made and urged before the Court of Claims, and was considered by the court, as the reported case shows, the court holding that by the terms of the contract the claimants were bound to construct the coffer-dams themselves. If the Court of Claims put a wrong construction upon the contract, the claimants should have carried their appeal to the Supreme Court, and not to Congress. The committee are of the opinion that where competent courts are provided for the redress of parties, no appeal to Congress should be entertained. They therefore recommend that the bill lie on the table.

JOHN FLETCHER.

MARCH 3, 1875.—Ordered to be printed.

Mr. JOHN B. HAWLEY, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill S. 792.]

The Committee on Claims, to whom was referred the bill (S. 792) for the relief of John Fletcher, have considered the same, and make the following report:

Fletcher & Powell were subcontractors under Henry J. Bulkley, who agreed to transport military supplies from Fort Leavenworth to Fort Laramie. In execution of their agreement, the said Fletcher & Powell did load a transportation-train with bacon, beans, dried apples, salt, sugar, stoves, &c., in July, 1865. When the bacon was loaded it dripped badly, and continued to drip until the arrival of the train at Fort Laramie. Upon the order of the officer in charge at Fort Leavenworth, and against the remonstrance of the petitioner, a number of heavy cooking-stoves were loaded upon the sacks of bacon. That the train was loaded in midsummer, and the trip was much prolonged by reason of circumstances beyond the control of the contractors.

It is shown that the contractors delivered at Fort Laramie in good order all the sacks of bacon, barrels of beans, and dried apples received by them, with the exception of three sacks of bacon and one barrel of dried apples, which were used by the contractors, which was allowed by the terms of the contract upon payment of the cost of the same.

	Pounds.
The number of sacks of bacon received were 386.....	44, 835
Beans, 67 barrels	15, 351
Dried apples, 14 barrels.....	2, 020

The amounts delivered at Fort Laramie were as follows :

	Pounds.
Sacks of bacon, 383.....	36, 595
Barrels of beans, 67.....	13 765
Barrels of dried apples, 13.....	1, 692

Aside from the bacon and dried apples used and paid for by the contractors, a deficiency in the weight of bacon is shown of about 19 per cent. The shrinkage in the net weight of bacon transported under the same contracts ranged from 14½ per cent. to 24½ per cent.

It is also shown that the beans worked out of the barrels to some extent; but the wagons being new and tight, none were lost, but were delivered to the officers in charge, and no loss is properly chargeable.

It is conclusively shown that due care was taken by the contractors, and that, aside from the shrinkage, which, by the terms of their contract, they were not to be held liable for, the goods were delivered in as good order, and the weight was as full, as could be expected under like circumstances.

Your committee are of the opinion that the claim is a just one and should be allowed, and, therefore, report the bill without amendment, and recommend its passage.

BARTHOLOMEW COUNTY AGRICULTURAL SOCIETY.

MARCH 3, 1875.—Ordered to be printed.

Mr. HOLMAN, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 4879.]

The Committee on War-Claims, to whom was referred the bill (H. R. 2001) for the relief of the Bartholomew County, Indiana, Agricultural Society, having had the same under consideration, report:

That the claim is as follows:

JUNE 1, 1865.—For occupation of grounds, for military purposes, from September 1, 1863, to date, as per contract herewith.....	\$2, 100
To damages to buildings, fences, &c., as set forth in affidavit herewith.....	2, 000
	4, 100
MARCH 1, 1864.—By cash on account of rent.....	533
Balance due.....	3, 567

It appears that a portion of this claim was presented to the Quartermaster's Department and examined by the chief quartermaster of the Department of the Lakes, who reported that the said claim was not a proper charge to the Quartermaster's Department, suggesting its reference to the Adjutant-General. As recommended, the Quartermaster-General referred the case to the Adjutant-General January 31, 1872. The Adjutant-General reviewed the evidence submitted to the Quartermaster-General, and decided that as the claim was for damages it could not be entertained by him, adding the remark that Congress alone could afford the desired relief. Another ground, however, for the rejection, was that a claim for rent of said grounds from October 25, 1863, to May 3, 1864, amounting to \$633, was received from Capt. J. H. Farquhar; that it was investigated, and, February 24, 1865, Maj. S. B. Hayman paid the amount allowed, \$536.66, that being all that was deemed a proper charge against the appropriation for collecting, drilling, and organizing volunteers, the grounds being occupied mainly for that purpose. October 19, 1865, another claim was received by the Adjutant-General for the rent of said grounds from September 7, 1864, to October 4, 1864, based upon the same contract, amounting to \$123.33, and was rejected for the reason that it was considered that a sufficient amount had been paid.

The lease between the officers of the society and the Government contains the following clause, made by Lieutenant Wilson, assistant quartermaster, and the officers of the society:

And the said Wilson, on behalf of the State of Indiana and the United States, undertakes to repair all damages that may be occasioned to said fair-ground or buildings while used and occupied for the purposes specified in this lease.

The Adjutant-General asserts that the said provision had been inserted after the lease had been executed, and exhibits a certified copy of the lease, which copy did not contain the clause referred to. The Adjutant-General also states that the facts sworn to by the witnesses, Wilson, Stansifer, and Jones, were incorrect. Wilson was the Lieutenant and quartermaster who executed the lease; Stansifer was in command of said rendezvous during the organization of the One hundred and tenth Indiana Volunteers, and was provost and mustering officer during the organization of the One hundred and fortieth Indiana Volunteers, and he swore that the estimate of damage by the officers of the society is not excessive. Jones was an officer of the society and familiar with the facts.

Your committee do not deem it important to discuss the question whether or not the lease contains the clause above referred to. An obligation existed on the part of the Government, without any such provision, to restore the grounds to the society in the same condition as when it took them. If damage was done the grounds and buildings, then the Government is bound to make proper compensation therefor.

Your committee are satisfied from the evidence submitted that the sum of \$1,550 will be a proper allowance in payment of this claim, and accordingly report the accompanying bill appropriating that sum in full compensation of this claim, as a substitute for H. R. 2001, and recommend its passage.



STERLING A. MARTIN.

MARCH 3, 1875.—Ordered to be printed.

Mr. HOLMAN, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 3046.]

The Committee on War-Claims, to whom was referred the bill (H. R. 3046) for the relief of Sterling A. Martin, late a private in Company I, Thirty-seventh Regiment Indiana Volunteers, beg leave to report :

That this claim is for extra services rendered by him at Nashville and Gallatin, Tenn., from August 1, 1862, to November 11, 1862, and from November 12, 1862, to March 4, 1863, as a clerk, at 40 cents per day, amounting to \$86.40. The petitioner was a private soldier at the time, and rendered this extra service. The claim seems to have been rejected on the technical ground that the records of the War Department do not show the rendition of this service, but your committee find that in fact this extra service was rendered by the soldier, and they are of the opinion that he should be paid. They therefore recommend the passage of the bill.

N. J. BIGLEY.

MARCH 3, 1875.—Ordered to be printed.

Mr. HOLMAN, from the Committee on War-Claims, submitted the following

REPORT:

The Committee on War-Claims, to whom was referred the petition of N. J. Bigley, of Pennsylvania, for payment of steamboat and four barges of coal burned by the confederate forces off Memphis, Tenn., beg leave to report:

The claim is for the payment of the steam-tug Hercules, \$25,000, and four barge-loads of coal, \$21,211.40—total, \$46,211.40.

It appears from the statement and accompanying papers that on the 17th day of February, 1863, only twenty-four days from the time that the order for said coal was given to this affiant, the steamer Hercules with the said six barges of coal (and also one other barge) came in sight of and within the range and easy protection of the armed fleet then lying at the port of Memphis. There was a heavy fog prevailing at the time, and the officers of the fleet deemed it unsafe on that account, and on account of the fact that the landing on the Tennessee shore was much crowded by crafts of various kinds, to attempt a landing at Memphis, and consequently the boat was landed with the barges in tow on the Arkansas shore, where the steamer was soon after attacked by guerrillas and captured and burned; one of the coal-boats was sunk at the same time; two of the remaining five were towed to the Tennessee shore opposite the next day. They contained about 28,000 bushels, and were received on the part of the Government, and paid for at the contract-price, 30 cents per bushel.

This affiant called upon Captain Lewis, assistant quartermaster of transportation, for a guard to protect the three boats then remaining on the Arkansas shore, and upon his order the provost-marshal detailed a guard of thirty men, commanded by an officer, for that purpose. The guard so detailed went to the river to be crossed over, and while there they were recalled by the order of some officer, for what reason this affiant does not know. This guard was ordered to protect the canal-boats during the 18th of February, they having been under the protection of the gunboats from the time of the burning of the Hercules up to that time. No guard or protection seems to have been furnished that day, (the 18th February,) and on that evening or night the three remaining barges or coal-boats were sunk by the guerrillas.

This affiant further states that the contents of the said four coal-boats had been duly measured and ascertained by the proper officers before leaving Louisville, Ky. The boat which was sunk at the time of the capture and burning of the steamer Hercules, was measured in Cincin-

nati, Ohio; the others, at Louisville; the tug and barges having been burned by the rebels on the — day of February, 1863, on the Mississippi River, opposite Memphis, Tenn.

The facts are as follows: Elijah S. Blasdel, being then at the city of Memphis, Tenn., received from the office of the quartermaster of the army at that city, the following order:

DEPARTMENT QUARTERMASTER'S OFFICE,
Memphis, January 24, 1863.

E. S. BLASDEL, Esq.:

Furnish to this department 75,000 to 100,000 bushels of Youghiogheny coal, also 2,000 tons of hay, for which a good market-price will be paid. Coal at 30 cents per bushel, and hay at \$27.50 per ton.

A. R. EDDY,
Per DAN. W. SEUBER,
Chief Clerk.

Elijah S. Blasdel was, at the time this order was issued, residing at the city of Lawrenceburgh, Ind., a point on the Ohio River one hundred and thirty miles above the city of Louisville, and was at the time engaged in the produce business.

Mr. Blasdel testifies, in an affidavit submitted to the Quartermaster-General in behalf of this claim, that after receiving the said order he immediately proceeded North for the purpose of fulfilling the same, and in pursuance thereof he obtained from N. J. Bigley, of Pittsburgh, Pa., 100,000 bushels of the description of coal designated in said order, which was then afloat in six barges or coal-boats, and being towed by the steamer Hercules, Capt. Thomas McCloskey. To this affidavit of Mr. Blasdel is attached four certificates of the measurement of coal, on the 8th day of February, 1863, contained in three barges, by E. W. Macdonald, measurer for that city, per tug-boat Hercules, and one certificate dated Cincinnati, February 3, 1863, of measurement of coal for Mr. Chester by L. Shutterly, measurer. These certificates state the amount of coal measured, as follows:

	Bushels.
Boat No. 79.....	21,315
Boat No. 80.....	22,735
Boat No. 89.....	19,000
Load marked L. C., measured in Cincinnati.....	7,588

N. J. Bigley, in his affidavit submitted to the Quartermaster-General in support of this claim, after referring to the affidavit of E. S. Blasdel, says:

That he hastened to Memphis with the tow-boat Hercules and seven full boats containing about 100,000 bushels of coal, knowing that the Government was much in need of coal at that time. That, fearing an attack from guerrillas, he made an application to the commanding officer at Cairo for a convoy, which was refused, and he was assured by that officer that there was no danger, (vide affidavit of Captain Reilly, marked Exhibit B.) That the steamer Hercules with her tow reached Memphis on the morning of the 16th February, 1863, and was, owing to a fog and the crowded condition of the wharves just opposite, temporarily, and directly after landing was attacked by guerrillas—set on fire and destroyed.

Mr. Bigley's affidavit, after detailing the killing of one of the crew and the capture of the others by guerrillas, and detention during the night and return to the barges, states:

Upon reaching the river again they found six of the coal-barges still afloat and in good condition; that three of said boats were then towed over the river; that the three others were permitted to remain and were destroyed by the guerrillas that night, (the 18th,) but all this destruction of your claimant's property occurred after the landing had been effected as stated in exhibit, and while within the range of the guns and under the protection of the gunboats of the United States, and a part of it after a guard which had been asked for and sent forward was, for some reason unknown to

your claimant, withdrawn, and after the property had been guarded by the gunboat *Prairie Bird*; that your claimant was to have been paid for the said coal on its arrival at Memphis, and was paid for what was contained in the boats which were towed over before dark on the evening of the 18th, but has never been paid for the remaining portion.

Captain Reilley, referred to in Mr. Bigley's affidavit, says:

On the 14th of February, 1863, I was at the office of Captain Pennock waiting to receive orders. Captain Pennock was the post naval commander, (Cairo.) Captain Bigley came in and stated to Captain Pennock that he had a tow of coal for the Government, which he wished to take to Memphis, and asked Captain Pennock to give him a convoy, as he thought it was not safe, between Cairo and Memphis, with such a big tow, from guerrillas, as he might have to land by stress of weather. Captain Pennock replied that he had no convoy to give him, and that he did not think there was any danger between there and Memphis. Captain Bigley urged the necessity of a convoy on Captain Pennock, but it was refused.

Thomas McCloskey testified:

I was captain of the steamer *Hercules* prior to her being burned as well as when she was burned. The trip before she was burned I towed and delivered to the United States Government a tow of coal. The United States Government was in great need of coal and was very pressing for it.

It appears from the evidence that N. J. Bigley was the owner of the steam-tug *Hercules* and seven barge-loads of coal. The value of the steam-tug and the amount of coal contained in the four barges lost I believe to be correctly stated in the claim, at least substantially, and there seems to be no doubt whatever of the high character and loyalty of the claimant.

On the 19th of June, 1867, E. S. Blasdel assigned all of his interest in this claim against the Government for coal to N. J. Bigley, as appears from a written assignment among the papers.

It appears to the committee from the foregoing and other affidavits on file, that on the morning of the 17th of January, 1863, when the steam-tug *Hercules* with her tow of seven coal-barges reached a point in the Mississippi River opposite Memphis, it was deemed prudent by the persons having charge of the boat, Mr. Bigley himself being on the steam-tug *Hercules*, that, in consequence of the number of vessels at the wharf at Memphis and the foggy condition of the weather, that they could not safely land at the Memphis wharf, and it was safer to land on the opposite shore, which was accordingly done, and immediately after landing the steamer and barges were boarded by guerrillas, the officers and crew captured, the steam-tug set on fire and burned.

Thomas McCloskey, captain of the tug-boat *Hercules*, states the facts as follows in his affidavit:

He commanded the tow-boat *Hercules* on the downward trip from Louisville to Memphis, February, 1863, having seven coal-barges in tow; and that on Tuesday, the 17th of February, the steamer *Hercules* and her tow, when near the landing of Memphis, just above the city, heavy fog set in, and the current being strong and the wharf somewhat crowded with other craft, the officers of the boat determined it unsafe just then to attempt a landing at the city wharf, and landed temporarily on the Arkansas side, nearly opposite the city. Soon after the steamer was taken by a guerrilla band and taken possession of, burned, and destroyed. The boat's crew being unarmed, were forced to surrender, after several shots had been fired and one of the crew killed. They were taken back into the country about twelve miles, robbed, kept all night under guard, then paroled, then returned to the river, which was reached about mid-day on the 18th of February, and were taken on board the gunboat *Cricket*, after displaying a white flag, and carried over to Memphis. Immediately on reaching Memphis, Peter G. Bigley, myself, and others got a tow-boat, the *Wisconsin*, and succeeded in towing over three coal-barges, which lay near where the *Hercules* had been destroyed. Darkness came on, and the captain of the tow-boat *Wisconsin* refused to go over again, considering it dangerous. That night the remaining three coal-barges were destroyed.

It appears from the evidence that the coal contained in the three barges so taken over to Memphis was received by the quartermaster at Memphis, and paid for by him.

This claim for the coal contained in the other four barges and for the steamer Hercules was submitted by the claimant to the Quartermaster-General, and this claim seems to have been examined at the Quartermaster-General's Office by the Third Auditor and Second Comptroller of the Treasury, and by General Dunn, assistant judge-advocate-general of the War Department, and rejected, not only as to the claim for the steamer, but also as to the coal.

The ground of the rejection as to the tow-boat was, that she was not in the employ of the United States, and as to the coal, that it was not delivered to the Government, but was not destroyed while it was in the ownership and possession of the claimant.

It does not appear from the testimony that the quartermaster at Memphis had any notice of the arrival of the coal-boats opposite Memphis until after the property was destroyed, but that, when notified of the landing of the three barges of coal at Memphis, he received the same and paid for it. It also appears from the affidavits on file that during the time between the burning of the steam-tug Hercules and the destruction of the three last barges there were in the Mississippi River, opposite Vicksburgh, one or two gunboats patrolling the river, and occasionally firing a shot or a shell at the Arkansas shore, and driving off the guerrillas; also that before the destruction of the last three barges both the naval and military officers were applied to by persons connected with Mr. Bigley to protect the property; that a small detachment of soldiers at one time was sent across the river, but was afterward withdrawn.

But it is very clear that there was no acceptance of this property by the quartermaster for the Government.

It would seem clear that the acts of the naval and military authorities at Memphis, in seeking to protect this property, was in no sense an acceptance of the same on behalf of the Government. The Quartermaster-General, in passing upon this claim says:

That, for the time being, the Army sought to guard and protect the property, is not deemed to have given the claimant any right to assume that thereby it came into the possession of the Government. The Army was engaged at all times in supporting, to the utmost of its ability, the property of all loyal citizens, and its failure to succeed in any instance cannot, in the absence of specific legislation, afford a basis for the reimbursement of losses incurred by such failure.

This view is clearly correct. The efforts of the Government to protect the property from the rebels was but a part of the general purposes of its employment.

The case, then, perfectly stated, is as follows: Mr. Blasdel is authorized by the quartermaster at Memphis to deliver 100 tons of coal at that city, with the engagement on the part of the Government that, upon its delivery to the quartermaster at that city, he should receive 30 cents per bushel for the same. There is no engagement or promise whatever on the part of Mr. Blasdel to deliver the coal, though Mr. Negley, however, makes an attempt to do so by, perhaps, an unavoidable accident, burning of the property, destroyed by public enemy before it reaches the city of Memphis.

The price offered by the Government for the coal seems to have been a sufficient inducement for Mr. Blasdel's making an effort for its delivery; and while it is manifest that the case presents one of great hardship on the part of Mr. Bigley, it is but one of the innumerable losses sustained

by private citizens during the war, which it would be impossible for the Government to make good. That the Government certainly cannot be expected to make good such losses, however great the hardship to the citizens.

Among the papers there is the following dispatch :

SAINT LOUIS, MO., *December 24, 1862.*

N. J. BIGLEY :

Hurry on with your coal to Memphis. We must have it anyhow.

LEWIS B. PARSONS,
Colonel and Acting Quartermaster.

Upon which great stress has been laid in pressing this claim. It appears, however, that this dispatch had reference to a cargo of coal which Mr. Bigley had previously delivered for the Government at Memphis, and for which he was paid. It is proper to add that it is evident that Mr. Bigley is a gentleman of high character, and was loyal to the Government during the war.

Upon careful examination of all the facts in the case, your committee are compelled to recommend the rejection of this claim.



H. Rep. 309—2

HALL COLBY.

MARCH 3, 1875.—Ordered to be printed.

Mr. HOWE, from the Committee on Claims, submitted the following

R E P O R T :

[To accompany bill H. R. 4880.]

The Committee on Claims, to whom the petition of Hall Colby was referred, have considered the same, and make the following report :

The petitioner sets forth in his sworn statement that he is the discoverer of certain principles in nautical astronomy of great importance, which he has for more than twenty years made known for the free benefit of the world ; that in the course of his investigations and experiments he invented an improved mariners' compass, which was patented ; and that he has since, and including the year 1847, largely devoted his time to the supplying and correcting of ships' compasses. In the case of United States naval vessels and transports, for many of which he represents that he has furnished and corrected compasses, he declares that he has never received any compensation. His services so accepted by naval officers, as he represents, were voluntary ; and at the beginning of the late war, he testifies that he gave his exclusive attention to the naval transports and coast-carriers for the Army of the United States, employing his whole time in examining and correcting the compasses of such vessels, at the wharves of New York, inspecting them at every trip, and so continued to do for three years, when his health failed. During that time he swears that he handled two hundred and sixty steam and wind crafts, finding them a correct compass and keeping them in order for sea, for all of which he never received any pay. After four years' detention by sickness, he represents that he resumed, in 1869, and has since continued, his voluntary labors for the public benefit, in the course of which he declares that he has exhausted his entire fortune ; and he now asks Congress to remunerate him for his services to the vessels and forces of the United States.

The petitioner submits a large number of testimonials and certificates to substantiate his statements, among them a memorial to Congress certifying that the said Hall Colby had for many years devoted a large portion of his time to examining and correcting ships' compasses and instructing nautical men therein, and that during three years he had given special attention to such services for Government transports, his services to shipmasters in Government service having been gratuitous and voluntary ; and recommending Congress to remunerate him. This is signed by twenty-three ship captains and masters, Commodore Henry Eagle, and Captain Chas. S. Boggs, of the United States Navy, by Henry and M. H. Grinnell, and others, presidents of marine-insurance companies ; and indorsed by D. N. Merritt, United States inspector. Among the

numerous other testimonials to the fact and value of the petitioner's services to the Government and the public are twelve signed by naval officers, including Commodore Eagle, Captain Hudson, Lieutenant Hunter, Lieutenant Craven, and others. Lieut. C. G. Hunter certifies that Hall Colby put three compasses upon the United States steamer Scourge in 1847, with which he cruised in the Mexican war, and which he pronounced superior to other compasses. Others are of later date, reaching down to 1865. The petitioner testifies that he has furnished to vessels of the United States twenty-five of his improved compasses, in addition to the personal labor and service in correcting instruments and instructing officers voluntarily and without pay.

Your committee has addressed a letter to the Secretary of the Navy asking for any evidence in the records of that Department respecting the services in question, and receives answer that none such exists. Your committee do not regard this fact as inconsistent with the representations and claims of the petitioner, inasmuch as the services have been rendered in such a manner—wholly voluntary, informal, and unofficial—that they might reasonably have occurred without the knowledge of the Department, or at least without causing mention upon its records; and the evidence in substantiation seems to your committee very full and on high authority.

A paper is submitted to your committee making an estimate of the value of the said services of Hall Colby to be from \$15,000 to \$20,000, signed by Capt. W. W. Story, 51 Wall street, New York; and that is indorsed as a low compensation by eleven others, including Henry Grinnell, M. H. Grinnell, Henry Eagle, commodore United States Navy, Charles S. Boggs, United States Navy, D. N. Merritt, United States inspector, and others, ship-captains and marine-insurance officers.

In view of these facts and considerations, your committee report the accompanying bill for the relief of Hall Colby, appropriating for his compensation \$10,000, and recommend its passage.



BENJAMIN W. REYNOLDS.

MARCH 3, 1875.—Ordered to be printed.

Mr. HUBBELL, from the Committee on Banking and Currency, submitted the following

R E P O R T:

[To accompany bill H. R. 4357.]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 4357) for the relief of Benjamin W. Reynolds, have had the same under consideration and submit the following report:

Your committee, to whom was referred House bill No. 4357, to amend an act to construe the act of March 2, 1853, to allow all depositaries designated under the act of August 6, 1846, &c., have had the same under consideration, and, after a careful examination thereof, report adversely thereto and recommend that it do not pass.

The only person known to your committee as being interested in said bill is one Benjamin W. Reynolds, of Wisconsin who claims compensation for services as United States depositary at the Falls of Saint Croix, in the State of Wisconsin; and with a view of recommending such relief, either by private bill or otherwise, to said Reynolds, as the circumstances of his case might seem to require, your committee examined into the facts and circumstances connected with his claim, and submit the following as the result of their investigations:

Benjamin W. Reynolds entered on the duties of the office of receiver of public moneys at the land-office at the Falls of Saint Croix, in the State of Wisconsin, May 16, 1861, and so continued until July 15, 1864, and during the greater portion of this period he acted as disbursing and timber agent for the Government. On the 20th of October, 1861, Mr. Reynolds was also designated as United States depositary, and served as such until November 15, 1864. While he so acted as depositary the public moneys received by him were only such funds as came into his hands as receiver of public moneys and timber-agent at the land-office aforesaid, and amounted to the sum of \$30,599.93.

On February 19, 1872, Mr. Rusk, of Wisconsin, introduced a bill in the House of Representatives for the relief of Mr. Reynolds, authorizing and directing the Secretary of the Treasury to pay said Reynolds \$2,175 to re-imburse him for clerk-hire necessarily paid by him in the discharge of the duties of his office. This bill was referred to the Committee on the Public Lands; and on May 11, 1872, that committee submitted a report (see Report 71, second session of Forty-second Congress) recommending that Mr. Reynolds be allowed the sum of \$2,175.30 to re-imburse him for clerk-hire, and by the act approved May 20, 1872, was allowed that sum. An examination of that report must convince any one that in allowing Mr. Reynolds the sum of money aforesaid the committee intended to and did cover his whole claim for services.

It further appears that when Mr. Reynolds rendered his final account to the Treasury Department, he charged up about \$1,000 for services and disbursements, which, in all probability, at that time constituted his whole pretended claim against the Government, but that when he attempted to collect the amount allowed him by the act of May 20, 1872, the Department deducted the amount so returned by him for expenses as charged in his final account, paying him the balance to which he was entitled under that act.

Mr. Reynolds now claims that the act of May 20, 1872, only re-imbursed him for clerk-hire connected with his office as receiver of the land-office and as timber and disbursing agent of the Government; that the amount deducted from that sum by the Treasury Department was intended to cover his claim for compensation as a depository of public moneys, and that the object of the bill referred to your committee was to so amend the law relating to depositaries as to enable him to obtain compensation for his services as depository.

Your committee are unable to find any equity in the claim of Mr. Reynolds to any compensation beyond that allowed him by the act of May 20, 1872.

While Mr. Reynolds acted as receiver of public money at the land-office at Saint Croix from May 16, 1861, to July 18, 1864, the entire business of his office, *i. e.*, receipts from all sources, amounted to \$30,599.90, or less than \$10,000 per annum, and when it is borne in mind that as depository he only had charge of the identical funds which came into his hands as receiver, it is almost impossible to conceive how such a small volume of business could occupy the business hours of an officer without clerks or assistants. Mr. Reynolds has already received for services, including salary and amount paid him under act of May 20, 1872, the sum of \$4,588.91, and your committee submit that, in view of the work done, this is ample compensation.



WILLIAM PHILLIPS.

MARCH 3, 1875.—Ordered to be printed.

Mr. KELLOGG, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 1662.]

The Committee on War-Claims, to whom was referred the bill (H. R. 1662) for the relief of William Phillips, of Tennessee, having had the same under consideration, report :

That this is a claim for compensation for 14,020 pounds of brown sugar seized at Huntsville, Ala., on the 8th day of June, 1862, for the use of the United States Army. It appears that the claim was submitted to the Commissary-General of Subsistence for payment, who declined to pay the same, upon the ground that the officer who received the sugar accounts for it in his return as seized at Huntsville, Ala., and therefore payment could not be made by the Commissary-General as a purchase, and, originating in Alabama, was a proper claim to go before the Commissioners of Claims. This decision, it appears, was reached after the time for filing claims with the said commissioners had expired, and consequently the claimant comes to Congress for relief. It appears from the papers obtained from the Third Auditor, to whom the case had been forwarded by the Commissary-General without his approval, that the refusal of the Department to pay the claim is based upon the ground that the receipt given by the officer taking the sugar is not on a regular service-voucher, and that payment could not be made, therefore, as upon a contract purchase.

From the affidavit of J. R. Paul, it appears that in the month of June, 1862, he was captain and commissary of subsistence with third division, Army of the Ohio, and acting post-commissary at Huntsville, Ala.; that on the 8th day of June, 1862, he seized for the use of the Army from the store-house of W. H. Powers, at Huntsville, Ala., 14 hogsheads of brown sugar, weighing 14,020 pounds; that a necessity existed for seizing the same, and that it was regularly issued to and consumed by United States troops, and taken up on his returns, and duly accounted for at the time of the seizure. It appears from his affidavit that Captain Paul did not know at the time of the seizure to whom the sugar belonged, the custodian of the same saying that it belonged to another party, and that he (Powers) had no interest whatever in it, except to see it properly cared for until he could ship it to the owner and consignee; the said Powers refusing to accept a receipt for the sugar, on the ground that he was not the owner, and not responsible for it after the seizure by the military authorities, and that he deemed a receipt valueless. Captain

Paul also states that there was great excitement among the citizens at the time in and about Huntsville, and it was generally believed that property seized by the military authorities was forever lost. Captain Paul further swears that in the month of June, 1865, William Phillips, of Nashville, Tenn., applied to him for an acknowledgment of the seizure of said sugar that would enable him to secure payment for the same; that he required said Phillips to produce evidence of ownership, which was done to his (Paul's) satisfaction, after which an informal voucher was issued to said Phillips for the sugar so seized. Subsequently, on the 1st of November, 1871, Captain Paul makes further affidavit to the effect that after executing the first affidavit a receipt for the sugar aforesaid has been shown him, having been found among the papers of W. H. Powers, the custodian aforesaid, which receipt is attached as appears among the papers in the case. Captain Paul recognizes the receipt as one written by James ———, at the time a soldier detailed as clerk in his Department, and states that it is a *bona-fide* receipt, and that it was given as a memorandum, as was the custom at the time, and that it was given in his absence, as he never knew until the aforesaid date (November 1, 1871) that a receipt was out for the sugar aforesaid.

The proof of ownership submitted by the claimant is conclusive upon that point; and from the evidence submitted, most of which is obtained from official sources, your committee believe the claimant entitled to compensation for the same, and accordingly report back the bill and recommend its passage.



SILAS REED.

MARCH 3, 1875.—Ordered to be printed.

Mr. LANSING, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 4881.]

The Committee on Claims, to whom was referred the memorial of Silas Reed, asking payment for property in Saint Louis, Mo., condemned and taken by the United States for post-office and custom-house purposes, make the following report :

They find that an act was passed by Congress, approved March 27, 1872, authorizing the purchase of a lot or block of ground in the city of Saint Louis, Mo., for the purpose of erecting a post-office and custom-house thereon, and an appropriation of \$500,000 was made for the payment therefor.

After numerous ineffectual efforts by commissioners appointed by the Secretary of the Treasury to decide on and purchase the most appropriate location, circuit court No. 3, at Saint Louis, was called upon by the United States authorities to appoint commissioners to condemn ground for the custom-house. These commissioners selected block No. 193, between Eighth and Ninth streets, on Olive street, Saint Louis, and condemned it at an appraisal of \$342,553. All of the owners on Olive street objected, and excepted to the inadequacy of the price awarded. All those owners who prosecuted their appeal in that court were awarded by the court a larger amount than adjudged to them by the commissioners, except Silas Reed, (your petitioner,) who was then in Government employment as surveyor-general of Wyoming Territory, and was not made aware of the condemnation of his property, and consequently failed to make his exceptions and have them filed within the ten days limited by the court.

Sundry efforts were continued to be made by Mr. Reed over a period of nearly two years for a juster compensation than the one awarded to him by the commissioners, but failed, the history of which is not deemed necessary here.

Mr. Reed now comes before Congress by memorial, which has been referred to your committee. In this memorial and by documents he shows that his property on Olive street, and that of Mr. Bauer, who adjoined him on one side, (with an alley on the other side,) were of equal frontage and depth; that both properties were condemned at nearly an equal price by the said commissioners—Mr. Reed's at some dollars the most.

The court raised the valuation of Mr. Bauer's lot (which adjoined Mr. Reed's, and at least of equal size and value) to \$26,937.50, and refused to raise the value of Mr. Reed's property above the \$20,000 fixed by the

commission, because his appeal was not taken in time, and dismissed his appeal for that reason.

Mr. Reed claims that he has not been fairly and justly dealt with in the matter of condemnation, and is justly entitled to \$27,000 for his property, as it adjoined an alley, and was, therefore, worth more than Bauer's.

Your committee consider the prayer of the petitioner reasonable and just, and therefore recommend the payment of the sum of \$7,000 in addition to the sum of \$20,000 for which said property of Silas Reed was condemned for the use of the United States, and for that purpose report the accompanying bill and recommend that it do pass.



GUSTAVUS A. SCROGGS.

MARCH 3, 1875.—Ordered to be printed.

Mr. LANSING, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 2804.]

The Committee on Claims, to whom was referred the bill (H. R. 2804) for the relief of Gustavus A. Scroggs, late provost-marshal of the thirtieth district New York, beg leave to report:

That the said Gustavus A. Scroggs was provost-marshal of the thirtieth congressional district of the State of New York from November, 1864, to December, 1865, with headquarters at the city of Buffalo; that Maj. John A. Haddock was acting assistant provost-marshal of the western division of New York, and the officer superior in command to Provost-Marshal Scroggs, by whom orders had been issued to Provost-Marshal Scroggs, which were then in force, directing him to arrest and imprison any person who should present a recruit for enlistment in the United States Army under a promise to aid him to escape after his enlistment; that on the 25th day of February, 1865, one Charles Davis brought to said provost-marshal a young man named Owen Kirk for enlistment; that in the course of the examination of Kirk for enlistment it was disclosed that he had been induced, by threats and promises by the said Charles Davis, to enlist, and that it was agreed and understood that Davis was to aid Kirk to desert after enlistment and payment of the bounty, which was to be shared between them.

The said Davis was then regarded as a bounty-jumper. His residence was at Clifton, Canada. He had induced Kirk to come from Canada for the purpose of enlisting, obtaining bounty, and deserting. These facts were then disclosed to the provost-marshal, Scroggs, who, in obedience to the orders of Major Haddock, his superior in command, thereupon ordered the arrest of said Davis, and he was arrested and held in custody. The arrest was then immediately reported by Provost-Marshal Scroggs to General John A. Dix, then in command of the Eastern Department, who directed him to bring said Davis before a United States commissioner for examination. This was complied with, and the examination proceeded, from time to time, over a space of some ten days, during which Davis was in the provost-marshal's custody. Davis was discharged on the examination, on the ground that the offense of enticing a soldier to desert was not legally committed, because Kirk was not yet enlisted.

After the discharge, and on the 27th day of June next following, Davis sued Provost-Marshal Scroggs to recover damages for the said arrest and imprisonment. In that action a judgment was recovered

by Davis in December next following, upon trial, for \$1,150 damages and \$62.19 costs; which judgment Provost-Marshal Scroggs compromised by paying \$1,000 in cash to Davis's attorneys, besides which he paid his own expenses of defense.

The case was properly defended, and the defendant was not able to avail himself of the provisions of the act of Congress of May 11, 1866, which came too late to be of avail.

All the acts of said provost-marshal were in good faith, and in obedience to the order of his superior officers in the line of his duty, and in our opinion he ought to be indemnified in accordance with various precedents.

It is notorious that the acts of such persons as Davis, in inducing men to enlist and desert, caused great loss of men and bounties to the country, and the arrest of Davis had the effect to break up the practice in that district.

We therefore recommend that the bill be passed.



JOHN W. HICKEY.

MARCH 3, 1875.—Ordered to be printed.

Mr. LANSING, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 2736.]

The Committee on Claims, to whom was referred the bill (H. R. 2736) for the relief of John W. Hickey, of the State of Louisiana, have had the same under consideration, and respectfully submit the following report:

The facts in the case, which the committee have been able to obtain, have been furnished by the Treasury Department, where alone, so far as ascertained, they are to be found, and are as follows:

John W. Hickey, in a communication dated February 5, 1868, petitioned the Secretary of the Treasury for a reward for recovering and delivering to the Government the records of the custom-house at New Orleans, which were missing at the time of the surrender of that city and its occupancy by our forces in May, 1862.

For a long time subsequent to the surrender these records could not be found, notwithstanding the efforts of the military authorities and officers of the Treasury Department, and it was not until about the 3d day of September, 1865, when, as petitioner claims, he found them, and at once gave the information to Thomas M. Wells, esq., the naval officer at New Orleans.

Upon the assurance of Mr. Wells that he would be liberally rewarded, Mr. Hickey delivered to him the missing records, contained in seven large boxes, which were subsequently transferred to W. P. Kellogg, then collector of customs.

On the 3d day of September, 1865, the same day on which Mr. Hickey gave the information respecting these missing records to Mr. Wells, the latter, with Mr. Kellogg, gave to him a promise, in writing, that they would use every effort in their power to reward any person or persons who might deliver the books, &c., belonging to that custom-house, in proportion to the value of the same.

This agreement or promise is in the following words:

NEW ORLEANS, September 3, 1865.

The Secretary of the Treasury at Washington, Hon. Hugh McCulloch, having the power to grant rewards for the recovery of property belonging to this department, we the undersigned, officers of this department, pledge ourselves to use all influence in our power to reward any person or persons who may deliver the books, records, or other matter belonging regularly to this custom-house, in proportion to the value of the same, which we deem is all we can do in the premises, and which we think will be readily agreed to by the Secretary of the Treasury.

WM. P. KELLOGG,
Collector.
THOS. M. WELLS,
Naval Officer.

Mr. Hickey states that Mr. Kellogg and Mr. Wells conferred at different times on the subject, and that both agreed that he was entitled to compensation for his services in recovering these records, and that they would aid him in obtaining it.

The committee find that Mr. Hickey's statements are fully corroborated by the recommendations of Collector Kellogg and by a private letter from Mr. Wells to Mr. Hickey, of which the following is an extract :

FRIEND HICKEY : Your letter has been received some time past, and being anxious to close our little affair before writing, I have consequently apparently neglected you until now, and seeing no end to the matter as yet, I have concluded to write you at once and wait no longer. I have insisted on having a statement from the collector relative to the probable amount of compensation that would be allowed, and cannot, as yet, get him to come to any definite conclusion. I will not receive any small sum, unless I find it is all that is allowed.

Mr. Hickey further states :

That the sum of \$10,000 would be no more than a fair reward for the recovery of the records, due regard being had to the importance of the recovery of the records, and their value since their recovery.

February 18, 1868, the Department transmitted the petition of Mr. Hickey to Collector Kellogg, calling on him for a report, who, on the 1st of April ensuing, made a full report of the facts, and recommended that Mr. Hickey be allowed the sum of \$6,000 in liquidation of his claims.

The following is a copy of Collector Kellogg's report :

UNITED STATES CUSTOM-HOUSE,
Collector's Office, New Orleans, April 1, 1868.

SIR : I have the honor to acknowledge the receipt of your communication of date February 18, inclosing papers relative to the claim of J. W. Hickey for information alleged to have been furnished by him, which led to the discovery, and subsequent restoration to the United States, in September, 1865, of seven large boxes, containing the records of the New Orleans custom-house, and requesting me to report upon the merits of said claim.

I respectfully state that I have delayed reporting in this case for the purpose of procuring a statement, to be transmitted with my report, from T. M. Wells, late naval officer at this port. Mr. Wells has been long absent from the city, but as he does not return, as I had hoped, I have concluded not to longer delay this report.

Some time in August, 1865, Mr. Wells, the then naval officer, came to me and informed me that a large number of the records and other papers of this custom-house were taken away by the confederate forces at the outbreak of the rebellion and secreted; that a Mr. Hickey had stated to him that he could give information which would lead to their discovery and restoration. After several interviews upon this subject, Mr. Wells brought me one of the papers which was inclosed in your letter of February 18, and which I herewith return, marked A, requesting me to sign the same, in connection with him, which I did. A short time after Mr. Hickey gave us the requisite information, whereupon I detailed an officer to take possession of the records referred to, and telegraphed the Department of the fact of their recovery, under date of September 4, 1865. The records consisted of old warehouse books, weighers' and gaugers' returns, warehouse papers, and large quantities of other papers; in all seven large boxes, relating to nearly every department of this custom-house for a series of years. I caused these records, with others that I found in a confused and disordered condition, to be properly arranged and classified, setting aside a room for that purpose called the record room, in which we have systematically arranged all records pertaining to this custom-house, in our possession. The records thus procured upon the information of Mr. Hickey of course were of considerable value to the Government, and supplied discrepancies which would have been very troublesome, and very much impaired the value of our records. I have no doubt Mr. Hickey was at considerable trouble and expense. Mr. Wells, the late naval officer, has often urged upon me the claim of Mr. Hickey, and insisted that he was fully entitled to the compensation he demanded, as will be seen by the tenor of his letter to Mr. Hickey, of date January 12, 1866, which I herewith return to the Department, marked B. I am, however, of the opinion that the claim of Mr. Hickey for the amount of \$10,000 is too large, and I think \$6,000 would pay him

very well for his trouble and expense. I therefore respectfully recommend, if consistent with the views of the Department, that Mr. Hickey be allowed that amount in liquidation of his claim.

Very respectfully, your obedient servant,

WM. P. KELLOGG,
Collector.

Hon. HUGH McCULLOCH,
Secretary of the Treasury, Washington, D. C.

A communication to Collector Kellogg from Mr. Hartley, Assistant Secretary of the Treasury, dated May 4, 1868, acknowledges the receipt of their report and calls for further information in regard to Mr. Hickey's claim. This communication appears to have been received by Collector Kellogg, and by him returned to the Department, as it bears the following indorsement:

I made a report once in this case, and I respectfully refer to that report. It appears, when I was collector, Mr. Hickey gave me information which led to the recovery of a large portion of the records of the custom-house at New Orleans, which were taken therefrom when the confederates took possession of the custom-house at commencement of the war; the records were very valuable.

Very respectfully,

W. P. KELLOGG.

The case has never been acted upon or decided upon its merits by the Treasury Department; although since that time it has been repeatedly called up, it appearing that there was no appropriation applicable to its payment.

That committee find that a large portion of the books and records of the custom-house at that port were taken away by the confederate forces at the outbreak of the rebellion and secreted by them, and that they could not be found, although diligent search had been made by them by both military and Treasury officials; that in September, 1865, in pursuance of an agreement between Mr. Hickey and Collector Kellogg and Mr. Wells, the naval officer, and upon a written pledge of these officers that he should be suitably rewarded, the former gave to them the information as to the place where the missing records were secreted, and delivered them to the naval officer on the 3d day of the same month; that there were seven large boxes of these missing records recovered at this time.

Collector Kellogg states that these records were very valuable to the Government, and supplied discrepancies which would have been very troublesome, and very much impaired the records of the custom-house. He further states "that he has no doubt Mr. Hickey was at considerable trouble and expense, and that \$6,000 would pay him for his trouble."

The agreement made between the claimant and the collector and naval officer was signed by these officers in their official capacity, and the objects sought to be accomplished under it being for the benefit of the Government, every other means for the same purpose having failed, and the claimant having successfully accomplished everything contemplated, the Government is bound by the action of these officers, and good faith requires that the Government should pay whatever amount these services are worth. Collector Kellogg's statement is conclusive, upon the fact that the claimant actually rendered the necessary services, and that the same were worth to the Government the sum of \$6,000.

The committee find the facts as stated fully established by official reports, and do not consider that they have any right to go behind such reports to inquire as to the amount of labor performed or the aggregate of expenses incurred by the claimant in the recovery of these records.

They regard the claim as eminently just, and recommend the passage of the bill.

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SUGG FORT.

MARCH 3, 1875.—Ordered to be printed.

Mr. LAWRENCE, from the Committee on War-Claims, submitted the following

R E P O R T :

[To accompany bill H. R. 4569.]

The Committee on War-Claims, to whom were referred the letters of the Secretary of War and Treasury relative to the claim of Sugg Fort, of Robertson County, Tennessee, and the papers accompanying the same, have considered said letters and papers, and report :

That on the 15th day of December, 1874, a bill for the relief of Sugg Fort, of Robertson County, Tennessee, was presented in the House and referred to the Committee on War-Claims; that subsequently papers relative to said case were referred to your committee during the first session of the present Congress, in which it was alleged, in substance, that from December, 1862, to May, 1863, 2,791 barrels of flour, of the value of \$8.50 per barrel, amounting to \$23,723.50, were taken from his mills, in said county, by United States military authorities, by direction of General Robert B. Mitchell, commanding at Nashville, Tenn., and that the said flour was used by the United States Army. The said bill (H. R. 642) and accompanying evidence was considered in the committee, and on the 29th of May the bill was unanimously ordered reported adversely to the House, and was so reported on the 22d of June, 1874. That report is as follows :

[43d Congress, 1st Session. House of Representatives. Report No. 763.]

Mr. I. W. SCUDDER, from the Committee on War-Claims, submitted the following report :

In the matter of the claim of Sugg Fort.

Sugg Fort, of the county of Robertson, in the State of Tennessee, claims that from December, 1862, to May, 1863, 2,791 barrels of flour, of the value of \$8.50 per barrel, were taken from his mill in the said county by the soldiers of the United States Army, and the same were used for supplies for the Army.

Mr. Fort, the claimant, says that the flour was taken from his mill by the forces of the Government of the United States at his request, that the same might not fall into the hands of the officers of the confederate government. A large amount of *ex-parte* evidence has been produced by Mr. Fort, which in a general way supports his claim. There is, however, no evidence from the Commissary Department of the United States, or from any Department of the Government of the United States, which tends to show that the said flour was received by the Army of the United States, or by any accounting officer of the said Army.

In the absence of any evidence in any Department of the Government of the United States that the flour of Sugg Fort was received for the use and benefit of the forces of the Government, the report on the said claim is adverse.

The evidence on the part of the claimant is not specific, either as to the amount of flour taken nor to what officer delivered.

From the letter of the Secretary of War, it appears that the claim was originally presented to the Commissary-General of Subsistence by the attorney of Fort, on the 9th of March, 1873, and that it was returned to the attorney on the 12th of December, 1873, the Commissary-General of Subsistence declining to act on Tennessee claims presented after March 3, 1871, the date of the act creating the Commissioners of Claims. The letter of the Commissary-General is herewith given :

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington City, March 29, 1873.

SIR : Referring to the claim of Sugg Fort, of Robertson County, Tenn., (amounting to \$23,723.50 for flour alleged taken for Army use December, 1862, to May, 1863,) inclosed to the Secretary of War in your letter of the 19th inst., and by him forwarded to this Office without remark, you are respectfully informed that your request that this claim may receive examination in this Office cannot be complied with.

By the act of March 3, 1871, authorizing a board of claims for States which passed an ordinance of secession, the jurisdiction of this Office in Tennessee claims, under section 3, act of July 4, 1864, was limited to those presented prior to the date of said act of March 3, 1871.

Besides, by section 4 of said act it is declared that "all claims within this act, and not presented to said board, shall be barred, and shall not be entertained by any Department of the Government without further authority from Congress."

Very respectfully, &c.,

A. B. EATON,
Commissary-General Subsistence.

CHAS. C. O'NEILL,
Washington, D. C.

A true copy.

A. E. SHIRAS,
Commissary-General Subsistence.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

The next action taken in the prosecution of the claim was its presentation to Congress, as already stated.

The letter of the Secretary of the Treasury states the action taken upon the claim after its rejection by your committee, in the following terms:

As appears from the records of this Department, the papers in the claim were filed in the office of the Third Auditor, on the afternoon of the 30th of June last. They were forwarded from the office of the Commissary-General, recommended by that officer, who is specially charged by the law of July 4, 1864, and the joint resolution of July 28, 1866, (13 Stat. 381; 14 Stat., 370,) with the investigation of this class of claims.

The claimant, Sugg Fort, and the honorable R. R. Butler, member of Congress from Tennessee, accompanied the papers, and as shown by the affidavit of the Third Auditor, transmitted herewith, upon the urgent representations of Mr. Butler, respecting the validity of the claim, the necessity for immediate action, and the peculiar hardship of delay, after some hesitation the account was made special and stated by the Auditor, so that it might go to the Second Comptroller that afternoon.

The papers were transmitted accordingly to the Second Comptroller, and were followed by the claimant and Mr. Butler.

Such representations were again made by the latter gentleman, as, added to the favorable action of the Commissary-General and the Auditor, induced the Comptroller, after an examination of the papers, to affirm the report of the Third Auditor, carrying into effect the recommendation of the Commissary-General.

A requisition from the War Department was then obtained, which was countersigned by the Second Comptroller, registered by the Third Auditor, and such further proceedings had, under the presence of Mr. Butler, and on his request, as secured the preparation of the warrant, although the afternoon was then far advanced.

The warrant was signed about six o'clock p. m. by J. F. Hartley, esq., Assistant Secretary of the Treasury, and countersigned by the Acting First Comptroller, in accordance with the usual course of business. Mr. Hartley states that there was nothing whatever to arouse his suspicion in performing what, at most, after the action of the accounting officers, he regarded as an ordinary ministerial duty.

The warrant thus executed was presented to the Assistant Treasurer, Mr. Tuttle,

without delay. He drew his draft for the money, \$23,723.50, on the assistant treasurer at New York. The draft was registered the same evening by the Register of the Treasury, and was paid by the Treasurer of the United States the next day, July 1, 1874. The draft is indorsed "Sugg Fort," "R. R. Butler;" the money having been received by the latter.

Subsequently my attention was called to the case, and to the fact that the same claim had been passed upon by a committee of the House of Representatives, and rejected. Other circumstances were brought to my knowledge, which led me to inquire into the character and merit of the claim.

The result was that, on the 21st of October last, I requested Henry H. Smith, clerk of the Committee on War-Claims, House of Representatives, and Charles F. Benjamin, clerk to the Commissioners of Claims, to investigate the claim thoroughly, charging them to inquire strictly into its validity and history.

These gentlemen have performed that duty, and have sought for and obtained information from every quarter where it was likely to be had. The result of their inquiries is embodied in a report to me, signed by them, under date of December 5, 1874, and establishes, in their judgment, the fraudulent character of the claim.

In view of this report, I have felt called upon to take such legal steps as seemed to be necessary to protect and enforce the rights of the Government.

Accordingly, on the day on which the report was received, I referred it to the Solicitor of the Treasury for examination and appropriate legal action.

That officer informs me, under date of December 22, that he has completed his inquiry, and, being of the opinion that the facts developed by the investigation, on the whole, establish the fraudulent character of the claim, he has directed an action of assumpsit to be brought against the claimant, in the United States circuit court of Nashville, to recover the money.

Further civil proceedings will also be instituted against other parties, if it shall appear necessary or advisable. The claimant is understood to be solvent.

The Solicitor has also invited the attention of the United States attorney of this District to the case, with instructions to cause the same to be brought before the grand jury, at the earliest day, for inquiry and action.

I approve the action of the Solicitor, and have instructed him to see that both civil and criminal proceedings are pressed to a speedy issue, to the end that the money, if wrongfully obtained, may, if possible, be again restored to the public treasury, and the guilty parties brought to punishment.

The report of the Solicitor of the Treasury on the report of the special agents, which had been referred to him by the Secretary for examination, is herewith given, and is a review of the case as reported to the Secretary by said agents.

DEPARTMENT OF JUSTICE,
OFFICE OF THE SOLICITOR OF THE TREASURY,
Washington, D. C., December 22, 1874.

SIR: I have respectfully to inform you that I have carefully considered the report of Messrs. Smith and Benjamin, together with the accompanying affidavits, letters, and papers referring to the claim of Sugg Fort, of Robertson County, Tenn., for 2,791 barrels of flour, charged at \$23,723.50, and alleged to have been taken from him for the use of the United States during the late war.

The reference of the report and papers to my Office, on the 5th instant, directed their examination and such appropriate legal action as the interests of your Department might demand.

In my judgment, based upon the facts before me, the claim is a base fraud upon the Government, allowed originally upon insufficient testimony, without due deliberation, and permitted to be hurried through the accounting offices, (upon representations since shown to be false,) and under circumstances that seem to call imperatively for fuller and more rigid investigation.

Aside from the fact that the claimant was concluded, under the opinion of the Attorney-General in Fuller's case, 4 Op., 429, by the previous adverse action of Congress, his claim appears to have had in reality but the slightest foundation; no broader, in fact, as stated in the report, "than three visits of Government wagons to the claimant's neighborhood during the war, and the appropriation on one of those visits of a small quantity of flour, the whole train consisting of but three or four wagons." Even these slender points, upon which are hung so great a claim, do not seem to be free from doubt.

It is also to be noted that this same claim, subsequently passed by the Commissary-General, was filed before that officer in March, 1873, and disallowed without examination, because he considered that he had no jurisdiction.

Under the 3d section of the act of July 4, 1864, as extended by joint resolution No.

99, first session, Thirty-ninth Congress, such jurisdiction seems clearly conferred upon him, and it is made his duty to cause the claim to be examined, and if convinced that it is just, and of the loyalty of the claimant, and that the stores have been actually received for the use of and used by the Army, then to report each case for payment to the Third Auditor of the Treasury, with a recommendation for settlement.

It must be admitted, in view of the law, that the responsibility for the payment of every such claim must rest largely upon the Commissary-General. The question of the sufficiency of the proof of loyalty, of the taking and use, is primarily for him. And yet the Third Auditor and Second Comptroller are responsible as well.

In this connection I deem it proper to call your attention especially to that portion of the report referring to the "presumption that the claimant received aid both in advance and after the presentation of the claim from some of the clerks in the employ of the Treasury and War Departments, including the suppression of information while the claim was pending before Congress, as well as during its examination and passage by the executive and accounting officers."

Besides establishing in their judgment the deliberate nature of the fraud, the gentlemen in their report point out, as we see here, some of the agencies probably employed, and fasten the responsibility directly upon the claimant, his counsel, and reflect with severity upon the member of Congress and the more prominent examining and accounting officers. In my judgment the facts developed by their investigation demand prompt application of all legal remedies, both civil and criminal, in order that justice may be done, and the facts finally and authoritatively ascertained and determined.

Fortunately the legal remedies for whatever wrongs may have been committed against the public Treasury or the laws, are plain and readily susceptible of such prompt application.

Under the authority of the case of *United States vs. Fenemore*, 3 Dallas, 357, the moneys having been obtained by fraud, may be sued for in assumpsit and recovered.

The claimant Fort, upon the best evidence attainable, is solvent, and as he resides in the middle district of Tennessee, suit has been ordered against him in the United States circuit court of that district.

If found advisable, additional civil proceedings will hereafter be instituted against such persons as may be shown to have knowingly shared in the spoils.

Besides the civil suit, I have invited the attention of the United States attorney of this District to the case, and have requested him to cause it to be diligently and thoroughly inquired of by the first grand jury impaneled, to the end that, if there has been, as there is too much reason to believe, an unlawful combination or conspiracy to defraud the United States, the parties may be indicted, and, if possible, speedily tried, convicted, and punished.

Criminal proceedings must be had in this District, rather than in Tennessee, for the reason that the conspiracy had its inception here, if anywhere, and certainly its conclusion. If, however, it turns out otherwise, on further inquiry, such proceedings may be instituted and maintained in the district where the conspiracy began.

In conclusion, it will be the aim of this Office to so follow up these legal proceedings, civil and criminal, as to make them a salutary warning to all persons cherishing like unlawful and corrupt designs upon the public Treasury.

Very respectfully,

BLUFORD WILSON,
Solicitor of the Treasury.

Hon. B. H. BRISTOW,
Secretary of the Treasury.

Upon examination of the whole case, and upon the evidence presented originally to the committee and obtained by the special agents appointed by the Secretary to investigate the case, your committee are satisfied that the claim is grossly fraudulent; that the claimant never had the flour, and that it was never taken as sworn to by him and other witnesses on his behalf; and that it was improperly hastened through the Department, and was allowed and paid without sufficient examination or evidence.

During the pendency of the claim before your committee at the last session of Congress, when it was proposed to the claimant that his claim should be referred to the commissioners of claims, who had authority to send agents to the locality where the claim is alleged to have accrued, with power to make more thorough and searching examination than could be made by the Commissary-General of Subsistence, the said

claimant declined such proposition, insisting upon its examination by the Commissary-General.

Copies of the letter of the Secretary of the Treasury, and accompanying evidence, have been forwarded, by order of the committee, to the President, the Secretary of War, the Third Auditor of the Treasury, the Commissary-General of Subsistence, the chairman of the Committee on Military Affairs of the Senate, and the Hon. Roderick R. Butler, of Tennessee, who appears to have been largely instrumental in procuring the allowance and payment of the claim.

It will be seen from the letter of the Solicitor of the Treasury to the Secretary, under date of December 22, 1874, already quoted, that suit has been ordered to be commenced against the claimant to recover the money paid him, and the attention of the United States attorney for the District of Columbia called to the case, with request that he cause it to be diligently and thoroughly inquired of at an early day by a grand jury of the District of Columbia.

It would appear from this that the Secretary of the Treasury, upon his attention being called to the character of the claim, promptly took measures to verify or disprove the statements made in regard to its improper allowance, and upon receipt of the report of the special agents appointed by him to inquire thoroughly into the case, caused to be instituted proceedings to recover the money paid the claimant, and to punish any parties guilty of wrong in procuring the allowance or payment of said claim. So far it would seem that these proceedings have been productive of good results, and are likely to aid in preventing frauds on the Treasury hereafter, and it may be said that all has been done in this direction by the Secretary of the Treasury which seems necessary in the premises.

Your committee have considered the question whether it was advisable to ask the House to authorize an investigation touching the connection of Hon. Roderick R. Butler with the allowance and payment of this claim. Upon this subject your committee have not been able to agree in opinion as to what was desirable or expedient, it being held by a majority of the committee that the legal measures taken by the Secretary of the Treasury would accomplish all that could be accomplished by an investigation by a committee of Congress.

Your committee, however, unanimously agree as to the fraudulent character of the claim, and that the principal witness, General Robert B. Mitchell, has sworn falsely in his statements relating to this claim; that he has tried to induce others to swear falsely, and has acted as attorney, witness, lobbyist, and generally as a procurer of false testimony, whereby this fraudulent claim was allowed and paid.

Your committee report back the letters of the Secretary of War and of the Treasury, and papers transmitted therewith, and ask that they be printed as Appendixes A and B to this report, without recommendation on the subject of an investigation by a committee of this House.

Your committee believe that there are evils in the existing method of examining and settling claims in the Executive Departments of the Government, especially claims growing out of the late war, which should be remedied. There should be more thorough and searching inquiry as to details, especially of evidence contemporaneous with the claim. There should be further inquiry as to loyalty, and some means devised by which other than purely *ex-parte* evidence can be obtained concerning the similar claims, than the method now pursued in the Executive Departments, and there should be further publication of the claim before examination, and even before payment.

Your committee report H. R. bill No. 4569, which is as follows, (see foot-note.)*

Your committee have not been able to agree to all its provisions, but they report it for future consideration without recommendation, and ask to be discharged from the further consideration of the documents referred to it in connection with the claim of Sugg Fort.

ADDENDUM.

The foregoing report is so drawn that it encountered no opposition from any member of the committee. Some members of the committee, including the undersigned, thought it due to truth, to justice, to the Government, and the parties interested, that there should have been a further investigation as indicated in the report.

The claimant, Sugg Fort, was paid a large claim on the recommendation of the Commissary-General's Office some years prior to this. A

*A BILL to prevent abuses in the prosecution of claims against the Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no account or claim against the United States, exceeding one hundred dollars, which shall not have been presented to the proper officer authorized to receive, audit, and examine the same, or which, having been so presented, has not been paid within two years after the same accrued, shall be audited, examined, or paid until the claimant, his agent or attorney, shall have given public notice in a newspaper in general circulation in the locality where the account or claim accrued of the presentation thereof, with the title of the officer authorized to examine the same, in such form and with such other particulars as may be prescribed by the head of the department in which the same may be presented; and no such account or claim shall be paid until at least four months after the same has been examined and the balance duly certified.

SEC. 2. That no account or claim against the United States shall be received, audited, or examined by any officer thereof until the claimant, his agent, or attorney shall present therewith an affidavit stating that said account or claim is just, and is justly due or owing to the claimant from the United States; that there is no set-off against the same, and that no payment has been made thereon except as thereon credited, and showing whether such account or claim, or any part thereof, has ever previously been presented to any department or officer of the Government, or to either House of Congress, and, if so, when and what action has been taken thereon, and that the same has never been otherwise or at any other time so presented.

Said affidavit shall only be made by the agent or attorney when, for some reason shown by affidavit satisfactory to the officer charged with the duty to receive, audit, or examine such account or claim, it is not practicable that it should be made by the claimant personally.

SEC. 3. That it shall be unlawful for any Senator, Representative, or Delegate in Congress, or other officer, clerk, or employé of the Government, or any clerk or employé in any department or bureau, or in any office authorized by law, or the clerk of any committee of either House of Congress, or of any joint committee of the two Houses, otherwise than in the performance of a duty authorized or required by act of Congress, either while in office or within four years thereafter, to counsel, advise, advocate, or urge the payment or allowance of any account or claim, or other action or proceeding in favor thereof, against the United States, either before or to any member or committee of either House of Congress, or any joint committee of the two Houses, or any officer of the Government; but nothing herein shall apply to pension claims, or to any such Senator, Representative, officer, or clerk the right to give testimony, in writing, on the request of the head of any department in which any such account or claim may be pending, or to any member of any committee in the performance of any duty as such, nor to any account or claim held by any such Senator, Representative, Delegate, officer, or clerk in his own right.

Every person who shall offend against or violate any provision of this section shall be deemed guilty of a crime, and on conviction thereof shall be fined in any sum not exceeding two thousand dollars, or imprisoned at hard labor for a term not exceeding five years, or both, at the discretion of the court.

And if any officer authorized by law to receive, examine, or certify the amount of any account or claim, shall so certify, or recommend, or advise payment thereof without a careful examination thereof, and of all evidence filed or presented in support thereof, he shall in like manner be liable to fine and imprisonment as aforesaid.

portion of the committee, including the undersigned, believed that the claim referred to in the report was so fraudulent in its character and so inadequately supported by evidence, as to call for a more decided disapproval of the conduct of some of the officers through whose agency it was allowed and paid, than is expressed in the report. It is now too late in the session to secure legislation on the subject, but it is believed this investigation, and the valuable report of the gentlemen appointed by the Secretary of the Treasury, Messrs. Smith and Benjamin, will aid in securing valuable legislation hereafter.

If public notice should be required for a given time before payment of the allowance of claims by the Commissioner of Claims, it would occasionally detect fraudulent claims.

WM. LAWRENCE.
J. ALLEN BARBER.
A. HERR SMITH.
W. S. HOLMAN.

The first of these is the fact that the report was not submitted to the committee until the 10th of the month of June, 1891, although it was prepared in the month of May, 1891. The second is the fact that the report was not submitted to the committee until the 10th of the month of June, 1891, although it was prepared in the month of May, 1891. The third is the fact that the report was not submitted to the committee until the 10th of the month of June, 1891, although it was prepared in the month of May, 1891.

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APPENDIX A.

[H. Ex. Doc. No. 34, 43d Congress, 2d session.]

Letter from the Secretary of War, relative to the claim of Sugg Fort, of Robertson County, Tennessee.

DECEMBER 16, 1874, referred to the Committee on War-Claims and ordered to be printed.

WAR DEPARTMENT, *December 14, 1874.*

The Secretary of War has the honor to transmit to the House of Representatives, in compliance with resolution of the 8th instant, letter of the Commissary-General of Subsistence relative to the claim of Sugg Fort, of Robertson County, Tennessee; also, copies of such papers as are on file in this Department, showing the action had in the claim.

W. W. BELKNAP,
Secretary of War.

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington City, December 11, 1874.

SIR: The inclosed resolution of House of Representatives of date December 8, 1874, (received from the War Department on the 10th instant,) calling for a report on and papers in the claim of Sugg Fort, of Robertson County, Tennessee, is herewith respectfully returned, accompanied by such original papers as are on file in this Office in the case, and by transcripts from the records of "letters sent," showing the action had on the claim.

The official copies of the claim and evidence as received at this Office June 27, 1874, and on which the allowance of the claim was based, were transmitted to the Third Auditor June 30, 1874.

Very respectfully, your obedient servant,

A. E. SHIRAS,
Commissary-General of Subsistence.

General WM. W. BELKNAP,
Secretary of War.

OFFICE OF THE COMMISSIONERS OF CLAIMS,
Washington, D. C., May 5, 1874.

[Memorandum.]

SUGG FORT.

Above is the name of a person, believed to be from Arkansas, who has a claim pending before the Government, which is understood to be for commissary stores, and which Colonel Irwin, chief engineer of Texas Pacific Railroad, informs Representative John Coburn, of Indiana, is wholly fraudulent.

No claim before Southern Claims Commission, and this memorandum is therefore circulated among offices of the Commissary-General, Quartermaster-General, and Third Auditor.

OFFICE COMMISSARY-GENERAL SUBSISTENCE, *December 11, 1874.*

A true copy:

A. E. SHIRAS,
Commissary-General Subsistence.

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington City, May 18, 1874.

SIR: In compliance with your request of this date, I have the honor to inform you that, by letter of March 19, 1873, Charles C. O'Neill, attorney, submitted a claim in favor of Sugg Fort for 2,791 barrels of flour, at \$8.50 per barrel = \$23,723.50, alleged to have been taken in Robertson County, Tennessee, from December, 1862, to May, 1863, for Army use. No receipts or vouchers. No officer was designated as the one taking the flour.

This claim was returned to O'Neill December 12, 1873, this Office declining to act on Tennessee claims presented after March 3, 1871, the date of the act creating the commission of claims.

Very respectfully, &c.,

A. E. SHIRAS,
Commissary-General of Subsistence.

Hon. SECRETARY OF WAR, *Present.*

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
December 11, 1874.

True copy :

A. E. SHIRAS
Commissary-General of Subsistence.

WASHINGTON, D. C., June 27, 1874.

DEAR SIR: The Commissary-General has charge of my account and papers for commissary supplies taken and used by the United States troops in the late war. Will you please do me the kindness to request him to consider and investigate my claim as soon as practicable, and much oblige,

Yours, most respectfully,

SUGG FORT.

General BELKNAP.

JUNE 27, 1874.—War Department refers letter of 27th instant from Sugg Fort, asking that the Commissary-General of Subsistence be requested to investigate his claim as soon as practicable.

The Commissary-General can examine this claim and report upon it, if action thereon is proper and not to the prejudice of other claimants whose papers have been previously filed.

WM. W. BELKNAP,
Secretary of War.

JUNE 27, 1874.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

A true copy :

A. E. SHIRAS,
Commissary-General Subsistence.

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington City, June 30, 1874.

SIR: The inclosed claim of Sugg Fort, of Robertson County, Tennessee, having been examined under the third section of an act of Congress, entitled "An act to restrict the jurisdiction of the Court of Claims," &c., approved July 4, 1864, is respectfully transmitted to you with the recommendation that claimant be paid the sum of \$23,723.50 for 2,791 barrels of flour, at \$8.50 per barrel, taken from December, 1862, to May, 1863, for Army use.

Hon. R. R. Butler advised.

Very respectfully, &c.,

A. E. SHIRAS,
Commissary-General Subsistence.

THIRD AUDITOR OF THE TREASURY.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

A true copy :

A. E. SHIRAS.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
Washington City, June 30, 1874.

SIR: The claim of Sugg Fort, of Robertson County, Tennessee, for payment for subsistence-stores valued at \$23,723.50, alleged to have been taken on or about December, 1862, to May, 1863, for Army use, has been examined and allowed under the third section of the act of July 4, 1864, in the above sum, and this day transmitted to the Third Auditor of the Treasury for payment.

Very respectfully, &c.,

A. E. SHIRAS,
Commissary-General Subsistence.

Hon. R. R. BUTLER, M. C.,
Washington, D. C.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

True copy:

A. E. SHIRAS,
Commissary-General Subsistence.

TREASURY DEPARTMENT, THIRD AUDITOR'S OFFICE,
Washington, D. C., July 17, 1874.

GENERAL: I have the honor to request that the papers in the claim of Sugg Fort, transmitted to you a short time since, be returned to this Office as soon [as] your examination thereof is concluded, for the purpose of enabling me to make a special report thereon to the honorable Secretary of the Treasury.

Very respectfully, your obedient servant,

ALLAN RUTHERFORD,
Auditor.

General A. E. SHIRAS,
Commissary-General Subsistence, U. S. A.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

A true copy:

A. E. SHIRAS,
Commissary-General Subsistence.

TREASURY DEPARTMENT, THIRD AUDITOR'S OFFICE,
Washington, D. C., July 17, 1874.

GENERAL: In compliance with your verbal request to-day, I herewith inclose copy of communication of Hon. William Lawrence to me, under date of July 6, 1874; also copy of extract accompanying said letter relative to claim of Sugg Fort.

These papers were referred to this Office by Assistant Secretary Hartley on the 11th instant, with request for a report on said claim.

Very respectfully, your obedient servant,

ALLAN RUTHERFORD,
Auditor.

A. E. SHIRAS,
Commissary-General of Subsistence, U. S. A.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

A true copy:

A. E. SHIRAS,
Commissary-General Subsistence.

HOUSE OF REPRESENTATIVES,
Washington, D. C., July 6, 1874.

Hon. ALLAN RUTHERFORD,
Third Auditor:

I inclose extract from a letter I have just received, to which I call your attention, and respectfully suggest that you call attention of Commissary-General also to it. It

comes from a gentleman who certainly has some opportunity to know something of the claim. How it got taken up and put through of course I do not know.

The claim was rejected by the Committee on War-Claims.

Respectfully, &c.,

WM. LAWRENCE.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

A true copy :

A. E. SHIRAS,
Commissary-General Subsistence.

[Extract.]

WASHINGTON, July 2, 1874.

The claim of Sugg Fort, which you remember we reported adversely, was yesterday paid in full, amounting to some \$23,700, on recommendation of the Commissary-General. You remember how Fort and his friends resisted its reference to the Commissioners of Claims, and well he might. In my judgment there was never presented to Congress a more outrageously fraudulent claim than this, and the circumstances connected with its being put through the Departments fully justify an examination by Congress or a committee thereof. In spite of the fact that an officer of the Quartermaster-General's Department, Colonel Irwin, who was on duty at Nashville, and knew all about the facts at the time, writes under date of January 8, 1872, a confidential letter to General Eaton, commissary of subsistence, pronouncing the claim a fraud, and in spite of the fact that other officers on duty there state that the proof is of the most shadowy character, the claim is rushed through the Departments within ten days after adjournment of Congress and after the claim had been rejected by Congress, and the facts appear in the papers. Certainly the boast of * that it cost * \$1,000 to "fix up" certain * * * in the Departments, and the character of the man and of * * witness * * * , fully justify an investigation, and I hope you will see this winter that it is had. I have been carefully through the papers at the Third Auditor's Office this morning, and the case is certainly and beyond doubt a fraud. Fort says that * * * remained here to put his case through, and it has been followed and watched at every step.

* * *

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

A true copy :

A. E. SHIRAS,
Commissary-General Subsistence.

Personal.

FORTY-THIRD CONGRESS, UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., November 12, 1874.

MY DEAR SIR : I called on you to-day in regard to the Sugg Fort claim, but you were out. I left with Colonel Barriger the statements of the Second Comptroller and Third Auditor in relation to the case for your information, with the view of enabling you to prepare a statement, to be made a part of our report to the Secretary of the Treasury.

I do not concur with Mr. Benjamin's theory that it is necessary to call upon the Secretary of War for a statement from you. That official has nothing to do with the case, as it is presented to us for examination.

We are instructed to make a specific inquiry as to a particular transaction. The claimant makes a statement in reference to your individual action as to the course determined on by you from the papers presented by him.

He says that he put in the case a certain memorandum-book kept by his miller, Edwards, giving the number of barrels of flour alleged to have been taken from the claimant's mill. No such book appears in the papers in the Third Auditor's Office, and other testimony shows that no such book was kept.

The story of Fort from beginning to end we have found to be a tissue of lies, and the claim is as perfectly a fabricated case as could be presented.

I see just how you have been imposed on by Fort and his friend, Mr. R. R. Butler, (who is placed in quite as bad a light as is Mr. Fort,) and I want therefore to give you this opportunity to make a statement showing the history of the case so far as it relates to your office; its original presentation; return; second presentation; the reasons that induced you to take cognizance of the case after having once decided that you had no jurisdiction; as to Butler's statements; and, in fine, anything bearing on the case.

It is probable that the claim will have congressional investigation this winter, and I desire that our report shall be as full and complete as possible.

Your reply may be handed to my associate, Mr. Benjamin, with the statements of the Comptroller and Auditor, as I leave for Florida to-night, and shall not return for two weeks.

Very respectfully, yours,

HARRY H. SMITH,
Clerk Committee on War-Claims, Special Agent, &c.

General A. E. SHIRAS.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

A true copy:

A. E. SHIRAS,
Commissary-General Subsistence.

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington City, November 13, 1874.

SIR: In reply to your letter of the 12th instant in regard to the Sugg Fort claim, recommended for payment by me on the 30th of June last, I would respectfully inform you that this claim was first received at this Office March 21, 1873, by reference from the Secretary of War, with letter from Charles C. O'Neill, dated March 19, 1873.

On the 29th of March, 1873, Mr. O'Neill was informed by my predecessor that the claim could not be examined in this Office, being barred by the act of March 3, 1871.

That act had been differently construed by the different authorities, and the Quartermaster-General, under a decision of the Judge-Advocate-General "that there was concurrent jurisdiction by the Southern Claims Commission and the Quartermaster-General and the Commissary-General of Subsistence," was still receiving and acting on Tennessee claims.

On the 24th of June, 1874, I was called upon by Mr. Sugg Fort and the Hon. R. R. Butler, and after some conversation in relation to the claim I was urged to take it up and act upon it. I stated that I had not had time to examine the act of March 3, 1871, but would do so whenever I had an opportunity. The injury and loss to Mr. Fort was pleaded, and I consented the papers should be informally left with me, and if an opportunity offered I would look at them. That evening I read them over carefully. There was no memorandum-book giving the number of barrels alleged to have been taken from the claimant's mill. Such a document must inevitably have attracted my attention. The papers in the case were copies of evidence before the Committee on War-Claims made up in book-form, and certified by the Clerk of the House of Representatives. There was nothing to show that there were any omissions.

Several times within a few days I received calls from Mr. Fort and Colonel Butler, and, although I cannot recall with certainty any language to that effect, I was under the impression the claim had not been reached by the committee. Even without any such language being used, it would never have occurred to me that a claim backed by a member of Congress could be presented to this Office when the member knew that an adverse report had been made upon it by a committee of the House.

In a few days I had the opportunity and did examine the act of March 3, 1871, in connection with that of July 4, 1864, &c., and concluded that the act of March 3, 1871, did not relieve the Commissary-General of Subsistence from the examination of claims received after its date, but, as stated by the Judge-Advocate-General, there was "concurrent jurisdiction."

On the 30th of June I took up the Sugg Fort claim, and again perused the testimony carefully. The evidence of Mr. Fort was clear, although his motives for not receiving vouchers were not those which would weigh with business men. General Mitchell confirmed his testimony, and the case took the form of a confidential matter between the commanding officer at Nashville and Mr. Fort. Two laborers at the mill corroborated the testimony in a general way, and the miller swore positively to the number of barrels of flour taken as shown by his books. The character of Mr. Fort was vouched for by very respectable names, and the case seemed clear under the law, as it was not to be supposed but that the flour was distributed by the commanding general for the use of the troops.

I therefore directed the clerk in charge of the claim-branch to make up the brief of the case, enter it, and bring it to me. On perusing the brief I found reference to a confidential letter of Colonel Irvin, in charge of transportation at Nashville at the time the transaction is said to have occurred, dated January 8, 1872, which I sent for and read. In view of this case being a confidential one between the commanding officer and Mr. Fort, it was the duty of the former to protect the latter and to preserve secrecy in the whole transaction, and if he did this the officer in charge of transportation had as little chance to know anything of the transaction as any other officer. This letter produced no effect on my opinion, and the claim was therefore sent to the Third Auditor with my recommendation for its payment. Colonel Butler, in accordance with his request, was advised. That evening I was called upon by Colonel Butler and Mr. Tanner, requisition-clerk of the War Department. They had with them the certificates of the Third Auditor and Second Comptroller, and I accompanied them and Mr. Fort, (who had remained in the carriage,) to my office, where I had a "request" for a requisition on the Secretary of War drawn up, and which I signed, and placed it in the hands of Mr. Tanner.

Very respectfully, your obedient servant,

A. E. SHIRAS,

Commissary-General Subsistence.

Mr. H. H. SMITH, *Clerk Committee on War-Claims, Special Agent, &c.*

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
December 11, 1874.

A true copy :

A. E. SHIRAS,

Commissary-General Subsistence.

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington City, March 29, 1873.

SIR: Referring to the claim of Sugg Fort of Robertson County, Tennessee, (amounting to \$23,723.50 for flour alleged taken for Army use December, 1862, to May, 1863,) inclosed to the Secretary of War in your letter of the 19th inst., and by him forwarded to this Office without remark, you are respectfully informed that your request that this claim may receive examination in this Office cannot be complied with.

By the act of March 3, 1871, authorizing a board of claims for States which passed an ordinance of secession, the jurisdiction of this Office in Tennessee claims under section 3, act of July 4, 1864, was limited to those presented prior to the date of said act of March 3, 1871.

Besides, by section 4 of said act it is declared that "all claims within this act, and not presented to said board, shall be barred, and shall not be entertained by any Department of the Government without further authority from Congress."

Very respectfully, &c.,

A. B. EATON,

Commissary-General Subsistence.

CHAS. C. O'NEILL,

Washington, D. C.

A true copy :

A. E. SHIRAS,

Commissary-General Subsistence.

OFFICE COMMISSARY-GENERAL SUBSISTENCE,
December 11, 1874.

APPENDIX B.

Letter from the Secretary of the Treasury, in answer to the resolution of the House of December 8, 1874, in relation to the claim of Sugg Fort, of Robertson County, Tennessee.

JANUARY 11, 1875.—Referred to the Committee on War-Claims.

TREASURY DEPARTMENT.

Washington, D. C., January 7, 1875.

SIR: In response to the resolution passed by the House of Representatives on the 8th ultimo, calling upon me for certain information in relation to the claim of Sugg Fort, of Robertson County, Tennessee, I have the honor respectfully to state that the claim in question was for 2,791 barrels of flour, charged at \$23,723.50, and alleged to have been taken from the mills or premises of the claimant in Robertson County, Tennessee, about December, 1862, for the use of the United States, under the orders of Brigadier-General Robert B. Mitchell, then commanding at Nashville.

As appears from the records of this Department, the papers in the claim were filed in the Office of the Third Auditor, on the afternoon of the 30th of June last. They were forwarded from the Office of the Commissary-General, recommended by that officer, who is specially charged by the law of July 4, 1864, and the joint resolution of July 28, 1866, (13 Stat., 381; 14 Stat., 370,) with the investigation of this class of claims.

The claimant, Sugg Fort, and the honorable R. R. Butler, member of Congress from Tennessee, accompanied the papers, and, as shown by the affidavit of the Third Auditor, transmitted herewith upon the urgent representations of Mr. Butler, respecting the validity of the claim, the necessity for immediate action, and the peculiar hardship of delay, after some hesitation the account was made special and stated by the Auditor, so that it might go to the Second Comptroller that afternoon.

The papers were transmitted accordingly to the Second Comptroller, and were followed by the claimant and Mr. Butler.

Such representations were again made by the latter gentleman as, added to the favorable action of the Commissary-General and the Auditor, induced the Comptroller, after an examination of the papers, to affirm the report of the Third Auditor, carrying into effect the recommendation of the Commissary-General.

A requisition from the War Department was then obtained, which was countersigned by the Second Comptroller, registered by the Third Auditor, and such further proceedings had, under the presence of Mr. Butler, and on his request, as secured the preparation of the warrant, although the afternoon was then far advanced.

The warrant was signed about six o'clock p. m. by J. F. Hartley, esq., Assistant Secretary of the Treasury, and countersigned by the Acting First Comptroller, in accordance with the usual course of business. Mr. Hartley states that there was nothing whatever to arouse his suspicion in performing what, at most, after the action of the accounting officers, he regarded as an ordinary ministerial duty.

The warrant thus executed was presented to the Assistant Treasurer, Mr. Tuttle, without delay. He drew his draft for the money, \$23,723.50,

on the assistant treasurer at New York. The draft was registered the same evening by the Register of the Treasury, and was paid by the Treasurer of the United States the next day, July 1, 1874. The draft is indorsed "Sugg Fort," "R. R. Butler;" the money having been received by the latter.

Subsequently my attention was called to the case, and to the fact that the same claim had been passed upon by a committee of the House of Representatives, and rejected. Other circumstances were brought to my knowledge, which led me to inquire into the character and merit of the claim.

The result was that, on the 21st of October last, I requested Henry H. Smith, clerk of the Committee on War-Claims, House of Representatives, and Charles F. Benjamin, clerk to the Commissioners of Claims, to investigate the claim thoroughly, charging them to inquire strictly into its validity and history.

These gentlemen have performed that duty, and have sought for and obtained information from every quarter where it was likely to be had. The result of their inquiries is embodied in a report to me, signed by them, under date of December 5, 1874, and establishes, in their judgment, the fraudulent character of the claim.

In view of this report, I have felt called upon to take such legal steps as seemed to be necessary to protect and enforce the rights of the Government.

Accordingly, on the day on which the report was received, I referred it to the Solicitor of the Treasury, for examination and appropriate legal action.

That officer informs me, under date of December 22, that he has completed his inquiry, and, being of the opinion that the facts developed by the investigation, on the whole, establish the fraudulent character of the claim, he has directed an action of assumpsit to be brought against the claimant, in the United States circuit court at Nashville, to recover the money.

Further civil proceedings will also be instituted against other parties, if it shall appear necessary or advisable. The claimant is understood to be solvent.

The Solicitor has also invited the attention of the United States attorney of this District to the case, with instructions to cause the same to be brought before the grand jury, at the earliest day, for inquiry and action.

I approve the action of the Solicitor, and have instructed him to see that both civil and criminal proceedings are pressed to a speedy issue, to the end that the money, if wrongfully obtained, may, if possible, be again restored to the public treasury, and the guilty parties brought to punishment.

I transmit herewith the report of Messrs. Smith and Benjamin, with the evidence taken by them; also affidavit of the Third Auditor, the statement, in writing, of the Second Comptroller, and copies of the evidence filed in support of the claim.

I have the honor to be, very respectfully,

B. H. BRISTOW,
Secretary.

Hon. JAMES G. BLAINE,
Speaker of the House of Representatives.

REPORT OF MESSRS. SMITH AND BENJAMIN TO THE SECRETARY OF THE
TREASURY.WASHINGTON, D. C.,
December 5, 1874.

SIR: We had the honor to receive, on the 21st of October last, your letter of that date, authorizing and requesting us to inquire strictly into the validity and justice of a certain claim of Sugg Fort, of Robertson County, Tennessee, for 2,791 barrels of flour, charged at \$23,723.50, alleged to have been taken from him for the use of the United States during the late war, and which claim, having received the favorable action of the Commissary-General, the Third Auditor, and the Second Comptroller, was paid in full on the 30th of June last.

The evidence presented by the claimant alleged that he was the owner of two mills in Robertson County, Tennessee, of which the mill connected with the claim was of the capacity of 120 barrels of flour a day, and distant some thirty miles from Nashville; that he was a Union man, voting twice against separation and remaining loyal throughout the war; that, in the fall of 1862 transportation was so meager and the country so infested with guerrillas that he could not send his flour to market, and accumulated and stored his flour on his premises until he had over 3,000 barrels at the end of November, 1862; that, being subjected to petty spoliation by the guerrillas, and fearing that the confederates might re-occupy the country long enough to seize his flour and destroy his buildings, he secretly started on horseback to Nashville on the night of December 3, 1862, and there seeking out a Union friend, now dead, was taken to the post commander, Brig. Gen. Robert B. Mitchell, to whom he explained his situation, and tendered his flour, coupling his offer with the condition that for his own protection against the vengeance of the guerrillas and his rebel neighbors, the appropriation of the flour was to be so made as to wear the aspect of a seizure against his will and consent; that, for the same precautionary reason, he declined to accept receipts or vouchers, being anxious to keep up the appearance of having no part or wish in the use of his flour by the Union Army, and being willing to take his chances of getting pay without vouchers or receipts, after the war, if the Union cause should triumph; that his offer was accepted, the more gladly because, at the time, Army supplies were very scarce, owing to the frequent cutting of the railroad to Louisville and the blockade of the river by guerrillas and rebel cavalry; that, under the arrangement made, wagon-trains were sent out by General Mitchell to claimant's mill, from time to time, over a period extending from December 6, 1862, to the following May, which trains brought in and reported personally to General Mitchell some 2,700 or 2,800 barrels of flour; that an account of the flour taken was kept by one Wiley Edwards, one of the claimant's millers, and his book-keeper; that, at the time of his visit to General Mitchell, the claimant also gave information which led to the seizure of over 40,000 pounds of bacon collected for conveyance into the confederate lines; that he was also accustomed to give valuable information concerning rebel movements and the status of his neighbors; his name was sufficient evidence, where those asking military favors brought his recommendation to the commanding officer, and that his mills were the only mills, in his section of the country, allowed to run, the others being owned or controlled by persons in sympathy with the confederacy.

The foregoing narrative of the case is contained in two affidavits executed at Washington on the 4th day of May last; one by the claimant,

and the other by General Robert B. Mitchell, the former commandant at Nashville.

In his affidavit, just referred to, General Mitchell swore that he assumed command at Nashville in November, 1862; whereas he did not take command till December 10th, four days after the first lot of flour had been taken, according to a deposition of Wiley Edwards, a miller, who swore that he kept a written account of all the flour taken.

2. The claimant swore that his visit to General Mitchell was on December 4, 1862, as taken from his books, in 1870, and General Mitchell said early in December; but if the visit occurred at all, it must have been late in December, and could not have been to make preceding arrangements for the taking of flour which had already been taken in part.

3. General Mitchell speaks of the claimant's "mills," but the fact is that he owned only a part of one mill, as shown by the testimony of his cousin and partner, Colonel E. A. Fort. On hearing this testimony, the claimant explained that the second mill was the one formerly belonging to his wife's father, which he bought from her brother without recording the deed, and that the deed was filed at Washington with the papers in his wheat-claim. There is nothing in those papers to show that the deed was ever filed, or that it had any relevancy to that case.

4. General Mitchell claims to remember the quantity of flour, and confirmed the claimant's account of 2,791 barrels by swearing the quantity, as remembered, to be 2,700 or 2,800 barrels. His only means of knowing the quantity, he said, were the personal reports of successive officers, going out after flour at irregular intervals extending over six months, and all this eleven years before the date of his affidavit.

5. General Mitchell and the claimant both testify very strongly to the claimant's loyalty, but the evidence and information obtained by us show conclusively that, in attempting to do more than to say that, after the conquest of Middle Tennessee, the claimant submitted to the national authority, as did the majority of his fellow-confederates, the claimant and his witness perjure themselves. The evidence obtained and submitted herewith disproves the story of General Mitchell as to the loyal services of the claimant and his loyal standing at headquarters, and, in short, there is a complete breakdown of all his pretended facts in this connection. We call particular attention to the testimony of Morris J. Moran upon this topic, for the purpose of saying that we have good reason to know that the witness would rather aid than injure the claimant, and that his damaging statements are not spiteful or malicious. The other witnesses are not subject to impeachment, and we, therefore, make no comment upon them.

6. The affidavits of the claimant and General Mitchell, executed at the same time and place, were substituted before the Committee on War-Claims for an earlier statement of the claimant, in which there was not even a suggestion of such a state of facts as these two contemporaneous affidavits allege.

7. The claimant's representations as to the capacity of his mill are contradicted by the accompanying testimony of Samuel Watson, William Weatherford, Levi Weatherford, (colored,) Colonel Fort, the claimant's partner, and John E. Pride and Wiley Edwards, his millers. Instead of being of a capacity of 120 barrels a day—by which is presumed a working day of ten or twelve hours—the capacity was not more than half as much.

8. The alleged meagerness of transportation facilities is not true of the time when General Mitchell was in command and the flour is alleged

to have been taken, though it was true as regards railroad transportation before that time. But the accompanying evidence abundantly shows that transportation by wagon was all the time possible and profitable.

9. The alleged danger of wagon transportation, which led to the asserted accumulation of 3,000 barrels of flour, is disproved by the fact that neighboring millers were sending flour to market all the time by wagons and were never molested. On this point we made an exhaustive search and inquiry, and have removed beyond question the proposition that there was nothing like as much danger to be apprehended from molestation by guerrillas on the road, as from the accumulation of such a large quantity of flour at a single mill, in a locality close to the scene of actual war, and constantly liable to be traversed and ravaged by hostile forces.

10. The statement of the claimant, that he was compelled to hide himself, to escape personal danger as a Union man, when the guerrillas came about, fails of either direct or circumstantial support, though we have made it a subject of investigation, and have obtained evidence bearing conclusively against it.

11. The allegation of the claimant, that he went to Nashville to secretly dispose of his flour to the Federal authorities, and the allegation of General Mitchell, that secret arrangements were made by him with the claimant to that end, are, of course, the bases of the whole case, and the claim must stand or fall accordingly as they are confirmed or disproved. The first lot of flour was taken December 6th, as the miller finds from his "memorandum-book," and the claimant started for Nashville to make arrangements for the taking of the flour, December 3, as he knows by an examination of his books in 1870, when the claim was prepared. The officer whom he saw was the military commander at Nashville, and his own affidavit and that of General Mitchell show that it was General Mitchell, and him alone, with whom the claimant had his interview and made his arrangement. Yet, if he saw any officer at all who was in command at Nashville, and had the authority and means to arrange for the seizure of his flour before December 10, it was not General Mitchell, and if he saw any such officer after December 10, the interview and the purpose of it are falsely stated in the two affidavits. General Mitchell has withdrawn his statement that he was in command before the 10th of December.

If the miller should correct his statement of the date of the first seizure, he would have either to abandon the important allegation that he kept an account of the flour as it was taken, or explain how he is able to correct the recorded dates of the account by memory after eleven years. If the claimant corrects his story of the date of his visit to Nashville, he must abandon his assertion of consulting his books in 1870, when he made up his claim, or show how he is able, in 1874, to correct the records of twelve years before. The person who took him to General Mitchell was E. M. Reynolds, now dead, and whose residence even the claimant does not remember, but thinks he found him at the State capitol at an hour so early as to exclude the probability of his being there. His miller, Johnson, whom he told of his intended visit to Nashville and its object, is also dead. The claimant has since testified that he told nobody but his wife, and she denied all knowledge of it when questioned, at the claimant's request, by one of ourselves. Two of the claimant's employes, Edwards and Waters, said that they would not believe that the claimant went to Nashville on horseback unless he so told them himself.

The claimant testifies that though he was accustomed to consult his father, as well as his cousin and partner, in all important matters, he did not consult them before going to Nashville to ask the military authorities to seize his flour without paying or receipting for it, and had not told them, even up to the time of our visit to Robertson County, five months after the claim had been paid. He also testifies that though he went to Nashville by night in a secret manner, concealing his features when liable to be seen, he returned by day, in an open manner, riding with the officer at the head of the train sent out to begin the removal of his flour. The claimant's attorney, F. S. Sowers, testifies that when the claimant first spoke to him about presenting a claim, in 1869 or 1870, he did not know whether it was General Negley or General Mitchell that had caused his flour to be taken, and that General Mitchell did not know anything about it at first, though four or five years afterward he tells the claimant that the circumstance is one he shall never forget. Particular attention is called to the accompanying statement of Mr. Sowers, as indicating, first, his intimate connection, from beginning to end, with what is now shown to be a premeditated fraud upon the Government; secondly, the uncertainty that existed in the earlier stages of the case as to what should be set up in evidence and who could be got to prove it; and, thirdly, the deliberate intention of the witness to trifle with and impede the investigation ordered by yourself into the merits of the claim, and the fortunate defeat of that intention by his excessive vanity and garrulity, and the impossibility of conforming the details of such a long statement to the details of the unseen statements of his confederates. If Mr. Sowers had contented himself with simply declining to make any statement, we should have contented ourselves by simply reporting and regretting such declination, but in view of what he really did do, we feel bound to say that the propriety of longer allowing him the privileges that have been misused in fraud and contempt of the Treasury Department, ought to be immediately considered.

12. The claimant's mention of his miller, Edwards, as his "book-keeper," is contradicted by Edwards himself, who testifies that he never wrote in the books in his life.

13. The claimant arrives at the quantity of flour taken by means of a memorandum-book, in which contemporaneous entries were made by his alleged book-keeper, Edwards. This book he swears he gave to the Commissary-General when his claim was presented to that officer last June. The Commissary-General's accompanying statement, the absence of the book from the papers, and the testimony of the other miller and the laborers at the mill when the flour was alleged to have been taken, prove that this allegation is false, and the failure to produce the book is evidence that it never had an existence. The Commissary-General is positive that before the papers passed out of his personal possession he went carefully over all of them, and is quite certain that such an unusual thing as a memorandum-book, to say nothing of its being the only piece of contemporaneous documentary evidence in the case, would not have escaped his attention. Wiley Edwards swears to having seen the book as late as last January in the hands of the claimant, and to have recognized it as the book kept by him at the time the flour was taken. But we cannot conceive any motive the claimant could have for concealing the book if it really existed, and its character was genuine, and its contents such as stated by himself and this witness. Commissioner Campbell, who took the *ex-parte* testimony for the claimant last January, has an indistinct recollection that he saw a book before

Edwards while the latter was testifying, but from his narrative it would seem to have been a book of account, and not a pocket memorandum-book, and he did not ascertain the character of the book at all.

14. With reference to the statement that the claimant told General Mitchell that he did not want receipts for his flour, because, if the rebels in the country heard of it, his property would be destroyed, we can only say that the other millers in the country were not afraid of dealing openly with the Government, as the testimony of Watson, Weatherford, Hambaugh, and Pettus shows, and that if the claimant had been afraid of his neighbors he could have secreted his vouchers or receipts much easier than he could his negotiation for the appropriation of his flour by the United States officers. That he had no cause to be afraid of his neighbors or of visits of rebel bands is made clear by the accompanying evidence. General Mitchell is unable to account for the refusal of receipts or vouchers, and only says that he urged the claimant to take receipts, and the latter refused for the reasons given.

15. The statement that the claimant had three thousand barrels of flour on hand at the time of his visit to General Mitchell involves the question as to how much flour the claimant had at any time during the fall of 1862. If there had been a necessity, and the claimant had used proper exertions in reference to getting wheat and finding means to pay for it, he could have obtained wheat enough to run his mill up to the capacity stated by his miller, Pride. It does not appear, however, that he ever had any such quantity of wheat as would enable him to accumulate three thousand barrels of flour, or anything like that amount, between the time he stopped shipping in consequence of the burning of the railway-bridge and the time that the alleged taking of his flour began. His own testimony as to the quantity is supported wholly by his millers, Pride and Edwards, and his colored laborers, Waters and Metcalf. We did not see Mr. Pride at the time of our visit to Robertson County. His deposition in many respects reads fairly enough, and yet he states that the first time he heard of this claim for flour was about a year ago, and that he had never been asked to testify concerning it. The fact is, however, that Mr. Pride appeared as a witness on the claim as originally made out, in the year 1870, himself signing and swearing to the declaration that the claimant was loyal, and that he knew the property charged in the account to be taken, because he was employed at the mill at the time. With respect to the other three witnesses, Edwards, Waters, and Metcalf, whose reputations undoubtedly stand fair in the community, we can only say that we cannot believe Edwards, as against disinterested witnesses, until the mystery of the memorandum-book that he swears he kept in 1862 and 1863 and saw in 1874 is cleared up. There were also contradictions in his statement as to his own age that tended to make us doubtful of his good memory; and on this very point of memory we have developed proofs to show that even persons of much higher education and capability than these millers and laborers can, by perseverance and ingenuity, be filled by others with alleged facts of time, place, quantity, and circumstance, that they afterward repeat, in perfect good faith, as contemporaneous personal knowledge. Mr. Edwards, too, has the reputation in his neighborhood of being given to exaggeration in his ordinary statements.

The two colored men have been for many years in the employ of the claimant, living on his property, to all appearance, under his control, and to a large extent dependent upon his good will and that of his numerous and influential connections for their daily bread, if not their

personal safety. While they may not have stated all that the claimant desired them to state, they certainly did not knowingly state anything that he was unwilling to have them say.

All the witnesses not connected with the claimant nor subject to his influence or control, concur in expressing the strongest doubts as to the claimant having any such amount of flour as alleged. Their opinions are given in various forms of speech, but all tend to the same conclusion, and we refer to the depositions of those neighbors for further particulars on this point. Considering the mass of falsehood that has been shown to exist in other parts of the case, we feel quite justified in denying the possession of the flour by the claimant as sworn to in his affidavit of May 4, 1874.

16. The statement that at the time the claimant's flour was offered and taken for the use of the Government the troops at Nashville were greatly in need of supplies, is not true. General Mitchell sets up a state of affairs in reference to the cutting of the railroad and the blockading of the river that had their real existence from two to three months before he assumed command. We can offer no more conclusive evidence of the actual state of supplies at Nashville than the extract we submit with this report from the report of Major-General Rosecrans to the Adjutant-General of the Army, dated February 12, 1863. In addition to this, the newspapers and the account-books of merchants at Nashville show a steady decline in prices from the time railroad communication was re-established and General Mitchell took command, to a period beyond the time covered in this claim.

17. The statement that the claimant gave information which led to the seizure by General Mitchell of a large quantity of bacon intended to be conveyed to the confederate army, has broken down under our inquiry into details. The claimant, when interrogated by us, could not state where the bacon was, nor in whose possession, but accounted for his knowledge of it by saying that a negro, named Ralph Mumford, of Clarksville, told him about it, and that this informant was killed at the railway-bridge at Clarksville about a year ago. We call attention to the accompanying deposition of the said Ralph Mumford to show that he is the only person of that name in that part of the country; that he is not dead, as alleged by the claimant; was not involved in the accident at the railway-bridge; never knew anything about the bacon intended for conveyance into the confederate lines, and never gave the claimant the information that the latter alleges him to have given. General Mitchell is also equally ignorant of the details of the bacon transaction.

18. The statement of General Mitchell, that the claimant was in the habit of giving valuable information to the military commander, and that his recommendation was taken as conclusive evidence of the loyalty of persons bringing it, does not appear possible, in view of the fact that the claimant was not known as a Union man.

19. The statement of General Mitchell that the claimant's mills were the only mills in his section of the country allowed to run is false, and the testimony to the contrary is overwhelming. So far as any interference from the military was concerned, there was no stoppage of mills whatever, but all were running.

20. The statement of General Mitchell that the claimant was known as a Union man who "sympathized with the cause of the republic, and whose acts were sterling proofs of his devotion and fidelity to the right," is shown by the evidence herewith submitted to be nothing more than a piece of flowery declamation.

21. The statement of General Mitchell, that he consulted his quarter-

master before sending out the first wagon-train to the claimant's mills, is inferentially contradicted by the quartermaster to whom he refers, Lieut. Charles H. Irvin, who was in charge of wagon-transportation. When application was made to that officer a few months ago to make a statement in behalf of the claimant, he not only refused to testify to the facts at that time suggested to him, but wrote a letter to the Commissary-General, informing him of the attempt that had been made to obtain his assistance in the prosecution of the claim, of his refusal to grant such assistance, of his expectation that the claim had been then abandoned, and of his subsequent astonishment to learn that the claimant was in Washington for the purpose of prosecuting it. He took occasion to say that if the claim depended for its validity upon the state of facts suggested to him, it was decidedly unjust. This letter is on file with the papers in the claim in the Third Auditor's Office. It will be seen from the accompanying statement of the Commissary-General that the letter of Colonel Irvin was duly brought to his notice and considered by him before the papers were transmitted to the Third Auditor, but that it was not regarded by him as sufficient ground for recalling or withholding his decision.

In reference to the connection of Representative Butler, of Tennessee, with the prosecution and payment of the claim, we call attention to the accompanying statements of Commissary-General Shiras, Third Auditor Rutherford, Second Comptroller Brodhead, Messrs. Israel S. Smith and Angelo Jackson, clerks in the Third Auditor's Office, Henry H. Smith, clerk of the congressional Committee on War-Claims, Chas. C. O'Neill, attorney, and the claimant. The statement of Mr. Butler himself is also submitted, and all these statements would be liberally quoted if it were not for the great length of this report. There seems to be a hopeless conflict between these several statements, and we have no longer the time, if we had the means, of testing their accuracy on doubtful or disputed points by re-examining the affiants, or obtaining further statements from the Government officers named herein, or from Representative Butler. We have, however, taken the second deposition of Attorney O'Neill in reference to the statements of Mr. Butler concerning him, and we recommend that a statement be obtained from the Clerk of the House of Representatives, whose absence has prevented us from obtaining either original or rebutting evidence from him.

Your detailed instructions required us to extend our inquiries to the character and reputation of the claimant and his witnesses; his possession or non-possession of the flour charged to his account; the truthfulness or untruthfulness of the material circumstances set up in support of the claim; the disposition and use made of the flour, and the names of the persons then or now interested in the claim. We accordingly proceed to report separately upon each of these instructions.

The public reputation of the claimant in his vicinity is in the main good, so far as it is not connected with this claim. We do not mean that his reputation is of the highest standard, but the general opinion of him may be expressed in the words of one of our witnesses, who describes him as of "medium reputation," and a "shrewd, keen, trading man." President Woodard, of the First National Bank of Springfield, Tenn., also spoke of him to us as a "tricky man." An estimate of his present character may be formed from a number of statements made by him to us while under oath, and which our investigations have refuted or discredited.

He told us that when he came to Washington in 1871 to see about his

claim, he was taken sick and remained sick for several days, and that as soon as he was able to travel he left for home by the advice of his physician without having any conversation with his attorney whatever in relation to his claim. This story the testimony of his attorney, accompanying this report, directly contradicts.

The claimant, on being pressed by our cross-examination in reference to the large seizure of bacon made by General Mitchell upon information alleged to have been furnished by him, told us a circumstantial story which we have already mentioned as shown to be utterly false in every particular.

His story that his mills were saved from destruction by the guerrillas through his wife's appeals, is contradicted by the statement of his wife to the contrary, as well as by the statements of his miller, Edwards, and his colored laborers, who know nothing of any threats or attempts to burn the mill.

He stated positively to us that he did not pay out anything to any person for services rendered in connection with the prosecution of his claim, and it was only through our persistent inquiries upon the subject that he was brought to admit the contrary, which other statements confirm.

He told us that in his efforts to find General Mitchell for the purpose of getting his testimony as to the taking of his flour, he had made inquiry, among others, of Mr. Shissler, a clerk in the Third Auditor's Office, which Mr. Shissler denies upon oath.

He told us that it was by the advice of Representative Harrison, of Tennessee, that he sought the acquaintance of Representative Butler in aid of his claim; which statement Representative Harrison denies.

He told us that the deed of his second mill was filed with the papers in his wheat-claim at Washington. We are perfectly satisfied that it never was so filed, and that there was no reason for filing it.

He told us that he gave the memorandum-book, containing the account of the flour taken from him, to the Commissary-General last June, with the other papers in his case. We are positive from the oral and written statements of the Commissary-General, the absence of the book, and the testimony of his millers, laborers, and others, that this is absolutely false, without reference to the fact, clearly established by the testimony, that the flour in question, for which the claimant has received compensation, was never taken or received by Government authorities.

He told us that at the burning of his mill in 1872, or thereabouts, the only book saved relating to the time mentioned in his claim, was the cash-book. His cousin and late partner, Colonel Fort, testified upon oath that the preserved books consisted of the cash-book and journal, and that he had them in his possession and custody last winter when the claimant came to Washington to prosecute his claim.

We are satisfied from deponent's former connection with the business of the mill, and the positive manner in which he made his statement, that he had a perfect knowledge of the facts to which he testified. Besides this, there is testimony to show that the books were as likely to be in the claimant's house as at his mill. Concerning the same books, the claimant told us that they were in the custody of Joseph C. Stark, a lawyer of Springfield. On being informed of this statement, Mr. Stark had no remembrance that any such books were ever confided to his custody. If they had been, it is not at all probable that he would have forgotten the circumstance. There is a statement filed from John E. Garner, the claimant's lawyer in Tennessee, that the cash-book mentioned in the preceding paragraph was left with him a couple

of months ago, and this raises a possibility that the claimant was forgetful instead of untruthful, of which we give him the benefit.

He told us that he did not know that his neighboring millers, Messrs. Watson & Weatherford, were doing a merchant business at or about the time his own flour was alleged to have been taken in the manner related in his claim. Considering that he was in the same business; that the mills were but three miles apart; that in a rural community there is a wide diffusion of local information, and that everybody else whom we saw and questioned knew the fact that Messrs. Watson & Weatherford were sending flour to Nashville all the winter of 1862-'63, we do not believe that the claimant was ignorant of what others, who had no better opportunity than himself, knew well.

He told us that when he went to Nashville on his memorable visit to General Mitchell, the railroad bridges were down. This may be merely one falsehood growing out of another, but if the story of his visit is true, then the story of the bridges being down is not true.

He told us that two of the persons from whom he purchased flour in the fall of 1862, namely, Dr. Newton Walton and James Watkins, were, at the time of our visit, residents of Nashville. Careful inquiry by our agent, Commissioner Trimble, himself a native and life-long resident of Nashville, has failed to discover the existence or the residence of these persons in Nashville as stated.

On the question of character we also call attention to the deposition of Morris J. Moran, in which he states that the claimant endeavored three times in succession to induce him to attempt to bribe the quartermaster's agent at Nashville in his investigation of certain claims in which the claimant was interested.

As we have already stated in another part of this report, we believe Moran, for the reason that if he has any feeling or interest on one side or the other of this controversy, it is on the side of the claimant.

We also call attention to the fact that the claimant's mill, from which the flour charged in his account was alleged to have been taken, was mysteriously destroyed by fire between two and three years ago, shortly after an insurance of ten thousand dollars had been effected upon it. The assessed value of this mill with the land on which it stood, made under a law which substantially requires a fair but full valuation, was between three and four thousand dollars. We have attempted to procure full and definite information from the insurance agents in reference to this matter, but there is an indisposition to impart information.

We also call attention to an affidavit executed by him in the case of a warehouse distillery-bond on file in the Internal-Revenue Office, wherein he makes a statement of his means at variance with the facts.

Of the reputation of the claimant's principal witness, General Mitchell, we are not advised. He is a legal resident of a distant State, and we have not thought ourselves justified in devoting any time or labor to inquiries in that direction. Of his present character some estimate may be formed by the following statement of what has been developed in our investigation. In his statement made before us, or rather one of us, he said that the last he heard of Captain Henderson, the former commissary at Nashville, was that he was in the fancy goods business in New York, on Broadway, nearly opposite the St. Nicholas Hotel. Personal inquiry in New York revealed the fact that General Mitchell had seen Captain Henderson as recently as last May, and that he began his search for him on Broadway, as stated, and ended it not far from the Battery, where Captain Henderson was in business as a cotton broker or agent. At the same time he stated that he did not remember

the names of any of the clerks of Captain Little, also a former commissary at Nashville. From the deposition of Thomas J. Wilson, of Newark, N. J., who was one of the clerks referred to, it will be seen that General Mitchell came to Newark in search of him a few months ago, and found him by means of information received from Captain Henderson, whom he had just left in New York. Considering the important business transacted by General Mitchell with Mr. Wilson, and to which we wish presently to refer, he could not have forgotten either his name or his whereabouts.

He stated that among the persons vouching to him for the loyalty of the claimant, at the time he was in command at Nashville, was Hon. Andrew Johnson, at that time military governor of Tennessee, and he gave a circumstantial account of the business that he thought brought Governor Johnson to his office at the time the claimant was there. On making inquiry of Mr. Johnson, we learn that he has no recollection whatever of any such circumstance, and does not even remember the claimant.

He told us that another person vouching for the claimant's loyalty was a Scotchman, who was book-keeper in Bell's hardware establishment, nearly opposite his own headquarters on College street, Nashville, and that this Scotchman and himself were on very intimate terms, it being his frequent habit to send over for the Scotchman to come to his headquarters, across the street, to give information concerning persons having business with headquarters. We have caused Commissioner Trimble, of Nashville, to make inquiries concerning the hardware establishment and the Scotchman, but he has not found that either existed.

As further illustration of his character we refer to the affidavits made by Captain Henderson, the former commissary at Nashville, on file in the Third Auditor's Office, and Thomas J. Wilson, the former chief clerk of Commissary Little, of which the original draught accompanies this report. These affidavits were procured by General Mitchell, who personally visited the affiants, told them that he supposed they had some knowledge of a claim that he knew to be just and right, and then proceeded to give them a history of the claim from his stand-point. It is evident, from the statements that these affiants have since made, that General Mitchell attempted to get them to swear to affidavits much stronger in favor of the claimant than those they finally made. In the case of Captain Henderson, that gentleman was led to say that during the winter and spring of 1862-'63, he remembered distinctly of Captain Little's receiving a large amount of confiscated flour from Robertson County, Tennessee, near Springfield. What he does remember is, that on one occasion he saw a train of perhaps twenty wagons loaded with flour in front of Captain Little's office or warehouse, and, on inquiring where it came from, was informed by that officer that it was confiscated flour from Robertson County. It will be seen that the language used in the affidavit, and which was suggested by General Mitchell, raised the presumption that the reception of this flour extended over an entire winter and spring, or the greater part thereof. Captain Henderson was also led to state that he remembered that the flour was taken by order of General R. B. Mitchell, then in command of the post and defenses at Nashville, but as a matter of fact he does not remember anything of the kind, and since we have obtained the affidavit of Thomas J. Wilson and ascertained the manner in which his memory was so misled as to induce him to impute to the administration of General Mitchell things that occurred during the preceding administration of General Negley, we have little

doubt that the flour seen by Captain Henderson was actually received at Nashville before General Mitchell came there at all.

The deposition of Thomas J. Wilson, given personally before us, shows that General Mitchell came to see him at his office in Newark about four months ago, and after introducing himself to the deponent, stated that a man down there in the vicinity of Nashville had a lot of flour seized by the order of General Mitchell, that he was a loyal man, and had never been paid for the flour. He stated the history of the case in about the same terms as he did to Captain Henderson, and as it is contained in the affidavits of himself and the claimant. He added that it was a matter of no pecuniary benefit to himself, but that he wanted to get the money for the claimant; that he was working up the case for the claimant as a matter of right, and did not expect to get anything out of it. He then asked for the deponent's affidavit concerning the matter, to which the deponent replied that he could not make an affidavit that would be of any benefit, because the facts had gone out of his memory. General Mitchell then asked him if he knew of a lot of flour being seized and brought in and turned over to Captain Little. The deponent said that he did; whereupon General Mitchell wrote out a draught of an affidavit, which the deponent declined to copy and swear to, as requested, because it contained facts that were not within his knowledge. General Mitchell then draughted another affidavit, which the deponent did copy, verify upon oath, and deliver to General Mitchell. For reasons probably known to General Mitchell, that affidavit does not appear in the case. But the deponent preserved the original draught, which he delivered to us, and to which attention is herein invited. In it the deponent is made to state that during the winter and spring of 1862 and 1863, Captain Little received a large amount of flour, for which there were no vouchers given to the owners, but receipted for the same to Charles H. Irvin, the wagon-transportation quartermaster at Nashville, and that all of said flour was taken by order of General R. B. Mitchell, then in command of the post and defenses of Nashville; that the larger portion of said flour was taken from north of the Cumberland River, and that he was informed and believed that several thousand barrels were taken from Robertson County, Tenn. What Mr. Wilson really did know and does know is that in the fall of 1862, but some time before General Mitchell came to Nashville, a quantity of flour was brought in and turned over to Captain Little, and that he made inquiry of one of the teamsters as to where the flour came from, and was informed that it came from what he understood to be Ford's mills, in Robertson County. He does not know that all that lot of flour he saw came from the one mill, and he does not know whether there was as little as two hundred barrels or as much as a thousand. He does not remember that he ever heard of any other flour being seized subsequently to that and being brought into Nashville. He knows that this occurred before the arrival of the Army of General Rosecrans, and we know from the official records, from the newspapers of the day, and from General Mitchell's latest admission, that General Mitchell was not at Nashville nor in command at the time. The deponent also informed us that General Mitchell told him the making of his affidavit was just merely a matter of form; that the claim would go through all right without it, but he thought that he would get this affidavit in case he should have occasion to use it. In other words, he just wanted it in case they should require further evidence, or something of that sort. He told the deponent that he had been to see Captain Henderson, and had got a statement from him; but he did not tell the deponent the character of the statement that Captain Henderson had made.

As final illustration of the character of General Mitchell, we call attention to the following extract from the reporter's notes of the questions propounded and answers given on a certain point in the case, when General Mitchell was under examination by one of us on the 5th day of November last. It will be seen from this extract that General Mitchell first denied that he had ever held any other relation to the claimant and his claim than that of a witness, and it was only on being informed that the claimant had testified to the contrary, upon oath, that he made the acknowledgments that follow :

“Question. Have you ever held any relation to him and his claim other than that of a witness?—Answer. No, sir.

“Q. You have not been his counsel or attorney?—A. No, sir. I never had anything to do with it but to testify.

“Q. He has testified on oath that you were.—A. He paid my expenses while I staid here as a witness simply. I never appeared as an attorney, never wrote an affidavit in the case, or did anything pertaining to an attorney's duty.

“Q. He said that he consulted you professionally.—A. He consulted me very frequently, and I gave him advice, &c. He did pay my expenses while I was here for over two months. There was no contract about it at all. I never asked him for a cent in the world. I was detained here for the purpose of talking to a member of the committee. After my affidavit was filled a member of the committee asked to have a private interview with me, and kept me here some time, and then I was here on some other business. I was trying cases before the Mexican Commission.

“Q. You never acted as counsel or attorney?—A. No, sir; nothing more than in a friendly way; all he paid me was voluntary; I never asked him for a cent. There was no contract between us, and I would not have felt sore at all if he had not paid me a cent.

“Q. Did you ever borrow fifty dollars from anybody to be used in aid of Sugg Fort's claim?—A. I did. I did it when he was on a sick-bed, and was not able to be up.

“Q. Have you any objection to stating how much you received from Sugg Fort altogether?—A. I could not tell you that.

“Q. Did you ever receive as much as five hundred dollars from him at one time?—A. I think I received four hundred and eighty dollars from him at one time. I am not positive as to the amount.”

Besides his own admissions, we call attention to the statement of the claimant, to the statement of the clerk of the Committee on War-Claims, and to the statements of Captain Henderson, Thomas J. Wilson, and Charles C. O'Neill, to show that General Mitchell was witness, counsel, attorney, and procurer all through the transaction.

In concluding these remarks about the character of General Mitchell, we should not fail to call attention to his renewed declarations about the scarcity and precariousness of supplies at Nashville while he was in command. In refutation of this repeated assertion, we again refer to the opening paragraphs of the report of Maj. Gen. Wm. J. Rosecrans to the Adjutant-General of the Army, dated February 12, 1863, which are herewith submitted; also to the letter of Captain Chas. F. Garrett, who was the chief quartermaster of General Mitchell at Nashville. Diligent search of records and numerous informal inquiries have failed to show that there was any serious or lasting interruption of communication by rail or water, or any scarcity other than an occasional failure

of some particular article on the list of commissary stores during the whole of General Mitchell's administration.

The character and reputation of the minor witnesses in the case, being the millers and laborers of the claimant, we have already discussed at sufficient length. We have received a statement from George H. Purdy, of Terre Haute, Indiana, formerly major of the Fourth Indiana Cavalry, who made an affidavit at Washington on the 30th of May last, to the effect that, in the latter part of March or early in April, 1863, he commanded the escort to a train of army-wagons furnished by Quartermaster Irvin, under orders from General Mitchell, to a mill on Red River, in Robertson County, about 25 miles from Nashville, where he got six or seven wagon-loads of flour, and for which, by instructions of General Mitchell, he did not receipt. He remembered distinctly taking the flour from the shed of a house near a large mill on the said river. After first calling special attention to the statement of E. C. Brearly, formerly captain in the Eighty-sixth Illinois Volunteers, which shows that General Mitchell attempted to induce Mr. Brearly to make a statement corroborating his own, just as he tried and partly succeeded with Captain Henderson and Mr. Wilson, we remark that it appears from Major Purdy's statement to us that he was in Washington prosecuting a pension-claim and as a witness in certain other claims, and being requested by General Mitchell to make an affidavit in support of this claim, he testified to a state of facts which are contradicted by official records, and by an overwhelming mass of circumstantial evidence, as to the taking of certain flour and its being hauled to Nashville. Major Purdy tells us, under oath, that he was ordered to report to General Mitchell some time in March, 1863, and that soon after his arrival he was sent after the flour. He states that Captain Irvin furnished the wagons, and that the flour taken by him was delivered to the commissary at Nashville, Captain Little.

As a matter of fact it appears from the returns of Captain Little that he received no flour whatever from Lieutenant Irvin in the months of March and April. We do not deem it necessary to comment further as to this witness, except to say that the statement last received is so evidently inspired by the statement and suggestions of General Mitchell to him when in Washington, or since this investigation began, that we are compelled to disbelieve his entire statement, and have so informed him, requesting him to make his further statements to yourself.

With regard to the possession or non-possession by the claimant of the flour alleged to have been taken by the United States, we report that he did not have anything like the quantity alleged. His cousin and partner, Colonel Fort, testifies that the claimant bought large quantities of wheat. His miller, Pride, testifies that he got large quantities, and his colored laborer, Waters, testified that there was a great deal of wheat coming in all the time.

We examined one of his purchasing-agents, who testified that he bought at least 2,500 bushels of wheat for the claimant that fall, of which 300 or 400 bushels were not delivered. The claimant gives the names of a number of persons from whom he alleges that he bought wheat, but we have already shown many reasons why his statements in his own favor are worthy of no credence whatever.

In reference to the question of his actual possession of 3,000 barrels of flour, we find nobody, except his own witnesses, who has any faith in such a story. His wife states that he had a good deal. His cousin and partner, Colonel Fort, testifies to large quantities, as much as a thousand barrels in the mill, and the storehouse apparently full besides.

The laborer, Waters, said that he had a great deal of flour, and esti-

mated the quantity at about 7,000 or 8,000 barrels by guessing at the number of times the flour on hand would fill the room in which we were conducting his examination.

The miller, Pride, does not attempt to estimate the flour on hand, but says they were making 75 to 80 barrels a day, in addition to doing custom-work.

This quantity was the product of operating the mill both night and day through the whole period of time. But the miller, Edwards, states that the mill was only occasionally operated night and day; and, although we have the names of all the persons regularly employed at the mill, we have no names of persons who belonged to the night-gang.

Pride also states that the flour was shipped as fast as made until the railroad-bridge was destroyed, which we find was about the 22d of August, but also states that they did not begin to grind until the latter part of August; and Edwards says it was the latter part of September before they began. The colored laborer, Metcalf, testifies to there being a great many barrels of flour at the mill, and the miller, Edwards, says that there could not have been less than a thousand barrels, though there might have been more. On the other hand, Mr. Jackson, a neighbor, customer, friend, and visitor to the mill, says that he saw about 60 barrels in the mill in 1861, and never saw as much afterward. He says that if the claimant had told him in November, 1862, that he had 3,000 barrels of flour at his mill, he would have thought him joking, and that he has no recollection of his grinding, except for customers, at about that time. Mr. Mitchell, another neighbor, says that if the claimant had told him in November, 1862, that he had 3,000 barrels of flour on hand, he would have wanted an explanation of his having so much. Judge Watson, the neighboring miller, says that the claimant was not doing much milling, he thinks, and that it is not at all probable that he had 3,000 barrels of flour on hand. Mr. John D. Dolan, of Nashville, who was out in that vicinity at the time, looking for flour to purchase, seems to have heard of all the flour there was in that section of the country, but did not hear of the claimant having any flour at his mill. Mr. B. B. Batts, a neighbor, thinks claimant had a few hundred barrels on hand in the latter part of 1861, or early part of 1862, which, being moved away from the mill and stored in neighboring barns after the capture of Fort Donelson, was finally taken to Springfield by citizens. He does not believe the claimant had 3,000 barrels of flour at any time during the war. An examination of business books at Nashville does not show that any flour from the claimant came into market at Nashville about that time. General James L. Morgan, of Quincy, Ill., who, at the time, was one of the commanding officers at Nashville, and who was there during the scarcity of supplies under General Negley, says that it was impossible for the claimant to have accumulated 3,000 barrels of flour, because it would have been discovered and brought into Nashville, where flour was greatly in demand until the re-opening of communication by General Rosecrans. The colored driver, Levi Weatherford, who was quite familiar with the claimant's mill, says that the mill would not hold more than two hundred barrels of flour and leave room for operating it. The opinion in the community is unanimous that the risk of holding flour at the mill was so much greater than the risk of sending it to market that it is wholly improbable that any such hoarding could have taken place.

We have already treated at length of the untruthfulness of the material parts of the statements made in support of the claim by the

claimant and General Mitchell. With regard to the truthfulness or untruthfulness of the statements of the minor witnesses, we believe their only foundation of truth lies in the fact that, during the blockade of Nashville, while General Negley was in command, trains were sent out in all directions to obtain supplies for the needy garrison, and that some flour may have been found at the claimant's mill, and brought into the city. Upon this slender basis of fact, the whole fabric of testimony seems to have been constructed, and where there has not been willful perjury, advantage has been taken of the forgetfulness and ignorance of the witnesses as to the dates of transactions occurring so long ago, and their inability to accurately estimate, after so great a lapse of time, the quantities of wheat and flour received and manufactured, and the number of times the mill was visited by Government trains.

The next question is as to the disposition and use made of the flour belonging to the claimant.

No doubt the claimant had made more or less flour and disposed of it; but so far we have not ascertained what disposition was actually made of it. According to the statement of B. B. Batts, his neighbor, the flour he had when the Federal Army occupied the country, went to Springfield, the county-seat, and Mr. Batts does not remember that the claimant sent his flour elsewhere than to Nashville and Springfield during the war. In proof of his allegation that the Government got it, we have the testimony of himself and General Mitchell, and the statements of his two millers, his colored laborer, his cousin and partner, and his wife. His miller, Pride, remembers that the Government wagons first came just before Christmas of 1862. The miller, Edwards, knows that they came on the 6th of December, 1862. The claimant's wife remembers that they came about two weeks before Christmas. The laborers do not remember when they came. Pride and Edwards testify that they came at least ten times, but not so many as twenty times. The laborer, Metcalf, testifies to same effect. The laborer, Waters, remembers that they came a great many times. The claimant's cousin saw them loading several times, and the claimant's wife remembers that they came once, and thinks that they came twice with escorts, and once or twice without escorts. Pride thinks there was about fifteen wagons each time they came, and that they would average about ten barrels to the load. Edwards knows from the evidence of his memorandum-book, that has neither been produced nor accounted for, that the quantity taken was 2,791 barrels. The only other estimate of quantity is that of the laborer, Waters, who says that the Yankees got most of the flour that was on hand and made between the time they commenced and the time they left off taking it. On the other hand is the evidence that after the claimant had decided to get rid of his accumulation of flour, by putting it into the Government service without pay, he continued running his mill night and day, and making all the flour he could, to be appropriated in the same manner. The miller, Edwards, testified that the claimant always had money to pay his hands, and this indicates that he must have been selling his flour, or at least the greater part of it, to obtain the means to carry on his business. Captain Garrett, the chief quartermaster at Nashville, says that if the flour had been brought in as stated he would have known it. General Morgan, who was frequently at headquarters, and often attended to business in place of General Mitchell, says that he never heard of it. Captain Brearly, who once went out on a foraging expedition, did not get any flour, to his best recollection, though General Mitchell tried

very hard to make him remember that he did. Judge Watson, part owner of the adjoining mill, who attended to the business of his firm in Nashville, and says that he was directly in the current of information, is certain that he would have heard of it, and that his drivers would have seen or heard of the wagons on the road if they had been out. Mr. Patton, now deputy collector of internal revenue at Springfield, Tenn., lived upon the only road that the Government trains could have taken to enter Nashville; was very active in ascertaining what was going on, and is quite certain that he heard nearly everything that did occur, and never saw nor heard of Government trains coming from that direction loaded with flour within the time stated. He says that, during that time, the foraging trains coming out from Nashville did not go beyond Paradise Hill, a place about twelve miles from Nashville and about eighteen miles from the claimant's mill. This latter statement is partly confirmed by Mr. Batts, who states that he only heard, or saw, of Government wagons passing through the neighborhood three times during the whole war. The first time, the train was attacked and fell back empty; the second time, they loaded with corn; and the third time, there were three or four wagons, and they got some flour which, he thinks, came from the claimant's mill, as they passed up in that direction. Mr. Batts lived two and a half miles from the mill, about three hundred yards from the road to Nashville, and could follow a wagon by sight for half a mile along the road. The trains he did see and hear of were all from Springfield, and not from Nashville. The colored driver, Levi Weatherford, was there constantly on the road, making two trips a week between Watson's Mill and Nashville, and never saw nor heard of any Government trains going to or coming from the claimant's mill. Mr. Weatherford, the adjoining miller, is certain he should have known it if the flour had been taken as described. Mr. Warfield, one of the claimant's agents for buying wheat, never heard of it, nor did Mr. Mitchell, a resident of the vicinity; and Mr. Jackson, a neighbor and customer, says he does not think it possible that the Government trains could have come and gone within that period without his knowledge unless they came in the night-time, and of that there is no pretense. Captain Little's accounts show no receipts of flour from Lieutenant Irvin—whose trains must have taken the flour, if it was taken at all—before the 22d of December, and no receipts during March or April, when Major Purdy alleges that he visited the mill and got a train-load of flour. We have the testimony of Captain Sowers, the claimant's attorney, that when Captain Little was first spoken to about the transaction he had no recollection of it, and subsequently advised that information should be sought from other officers. Mr. Wilson, the chief clerk of Captain Little, has testified before us that he never heard of any flour being taken after the army of General Rosecrans reached Nashville. Mr. Pride, the miller, although he remembers that trains came for a period of about six months, does not know that they ever came from Nashville or that they came always from one direction.

The next topic of inquiry is as to the persons other than the claimant, interested in the claim. Of these we name Capt. F. S. Sowers, of Washington, who had at least an interest as attorney or counsel in the case, and in view of the information, advice, and assistance exchanged between the claimant and himself, both before and after the filing of the claim before Congress, we cannot believe him ignorant of a single material step in the prosecution, and he must therefore have known the fraudulent character of the claim. The pecuniary interest of General Mitchell is conclusively shown by his repeated receipts of money from the claim-

ant, both before and after the claim was paid; his visits to the cities of New York and Newark to obtain evidence; his importunity of Representatives in Congress, as testified to by Mr. O'Neill, an attorney in the case, and by his effort to induce persons to testify to matters not within their knowledge. The nature of the interest of the honorable R. R. Butler, Representative in Congress from Tennessee, we have not had time or opportunity to ascertain, even if it were possible.

In conclusion, we would recommend that statements be obtained from the honorable James S. Negley, member of Congress, of Pittsburgh, Pa., and from Col. Charles H. Irvin, chief engineer Texas and Pacific Railroad. Both these gentlemen can give important information as to the unsuccessful efforts made to get them to testify in behalf of the claim. Mr. Irvin can probably furnish positive and definite information, which we have been unable to procure in legal form in time for the purposes of this report, further showing the falsity of the facts set up and sworn to by the claimant and corroborated by the oath of General Mitchell, as to the alleged seizure by, and delivery to, the United States military authorities at Nashville, of the flour for which the claimant has received payment.

Your obedient servants,

HENRY H. SMITH,

Clerk Committee on War-Claims, House of Representatives.

CHARLES F. BENJAMIN,

Clerk Commissioners of Claims.

Hon. B. H. BRISTOW, *Secretary of the Treasury.*

THIRD AUDITOR'S OFFICE,

July 23, 1874.

Hon. J. F. HARTLEY,

Assistant Secretary of the Treasury:

SIR: In pursuance of your request, I submit a statement in regard to the claim of Sugg Fort.

The claim was originally presented to the Commissary-General. He declined to entertain it, not because of any want of merit, but because he at first regarded it as a case growing out of a seizure of property, and which he, therefore, could not entertain, as it had not been presented prior to the act creating the Commissioners of Claims.

But when the claim was again presented to him, he evidently changed his opinion upon that point, for he entertained it; and, having determined that it was just, and that claimant was loyal, transmitted it to the accounting-officers for settlement in the sum of \$23,723.50.

His later opinion, on this point, seems to have been correct. Unless the claim is a fraud, it must be assumed that the general character of the transaction was as alleged by the claimant, and stated by the general commanding, Gen. R. B. Mitchell; and, according to their version, the property was acquired by the Government by virtue of a mutual and voluntary agreement which would make the case one of contract and not of seizure. They state that the claimant, himself, informed General Mitchell that he (claimant) had this flour on hand, and proposed to General Mitchell to take it for the use of the Army, and that General Mitchell gladly assented to the proposal, such supplies being much needed; that it was arranged between them to make the transaction assume the appearance of a forcible taking by sending troops for the flour; and that this course was pursued for the purpose merely of shielding the claimant from the dangerous effects of the enmity which the rebels would entertain toward him if they understood

that he was voluntarily selling and furnishing supplies to the Union Army. If this was the character of the transaction, the claim arose under contract and not under seizure.

On December 12, 1873, the attorney requested the Commissary-General to return the papers, in order that the claim might be presented to Congress, and the request was complied with; but, immediately after the adjournment of Congress, the case was again presented to the Commissary-General.

It will be observed that in the transcript which was certified under the seal of the House of Representatives, and which it was necessarily presumed would have shown any action if any had been had, there was nothing to indicate that any consideration had been given to the claim, either by the House or by any committee thereof. Moreover, the fact that the Commissary-General re-instated the case and reviewed his former action thereon necessarily raised the presumption that he had proper information that no proceedings had been had in Congress which in any manner interfered with the claimant's right to have his claim considered by the Commissary-General. Therefore, when the claim came before the accounting officers they necessarily supposed that the claimant had utterly failed, in the pressure of business at the close of a busy session, to secure any consideration of his case, and had therefore abandoned his application to the House and resorted again to the Commissary-General. If they had found anything to indicate that any committee of the House had given any consideration to the case, or that it was in any way pending in the House, they would have declined to take any action on it.

Upon carefully reconsidering the evidence on which the Commissary-General pronounced the claim just, I do not think any other conclusion could have been fairly arrived at.

I will not refer to the evidence touching the loyalty of the claimant, for no question seems to be made that he was not thoroughly loyal.

The claimant's testimony is in substance as follows:

At the outbreak of the war he owned two mills, and continued to run them after war had commenced, buying his wheat under permits from the Federal authorities; that he had a permit to carry his flour to Clarksville and Nashville by wagons, but the facilities for transportation were meager, and the country was infested with guerrillas, and he was so fearful of his mules being stolen that he sold all but four, which he kept for his farm; that, being unable to send the flour to market, it accumulated, and he was obliged to store it in his mill, warehouse, tobacco-barns, and store-house.

That he had thus on hand over 3,000 barrels when he finished grinding his supply of wheat on November 28, 1862; that at this time the Government had the occupation of Middle Tennessee, but the occupation of his county was not sufficient to protect Union men, and bands of rebels annoyed him very much. Small bands came to his place at night and carried off small quantities of flour, &c., he being obliged to hide if he was at home. Sometimes they took the flour in bags on their horses, sometimes in a small wagon, but generally on their horses.

Fearful that the rebels might occupy the country in sufficient force to take all his flour, and perhaps also burn his mills, he determined that the Union Army should have the flour; and, therefore, on the 3d December, 1862, he started secretly at night for Nashville. Arriving there the next morning, he procured a friend, who was a Union man, to present him to the post commander, Gen. R. B. Mitchell.

That he told General Mitchell that he had about 3,000 barrels flour

which he wished him to send for, as the rebels otherwise would get it, but that he wished it to appear that the flour was seized from him against his will; that General Mitchell told him to come back in about one hour, and upon his returning told him that he (General Mitchell) would send for the flour.

That he told General Mitchell that he did not wish receipts to be given by the officers taking the flour, lest the rebels should hear of it, and destroy his property.

That he then started home, accompanied by a train of wagons, and continued with them until within eight miles of his home, where they encamped for the night, and he returned home by night; that, on the next morning, (December 6,) the train came to his place, and there being several citizens waiting at the mill to have their grinding done, himself and the officer in charge of the train carried out by their actions the appearance that the flour was taken without his consent; that the trains continued to come for flour until they got 2,791 barrels, the account being kept by Wiley Edwards, one of his millers, and his book-keeper.

Robert B. Mitchell, brigadier-general in command of the post, district, and defenses of Nashville, confirmed fully the claimant's statements in regard to the claimant coming to Nashville and proposing to him to send for the flour; and in regard to the arrangement between them that it should be made to appear that the flour was seized against the claimant's will, &c.

He stated that, under this arrangement, he from time to time sent out trains to bring the flour to Nashville; that the quantity was reported to him on the arrival of each train, and his recollection is that the aggregate was about 2,700 or 2,800 barrels; that the claimant's mills were the only ones which were allowed to run in that section, the others being owned and controlled by persons in sympathy with the rebels. He states, also, that the claimant gave much valuable information to him, and was much relied on in that respect, and particularly refers to his giving information by which the witness was able to seize about 41,000 or 42,000 pounds bacon, accumulated to send through to the rebel army.

Wiley Edwards, J. E. Pride, W. A. Johnston, Henry Waters, and Albert Metcalf, all testified to the flour being taken from the mill by Government trains. The former three were claimant's millers, and the two others were his employes at the mill. And Edwards testified further that he was also claimant's book-keeper; that he kept the account of the flour so taken; that he has recently examined the books kept by himself, and has found that the exact quantity so taken was 2,791 barrels.

Capt. George H. Purdy, Fourth Indiana Cavalry, testified that, about the last of March, or first of April, 1863, he was sent in command of an escort to guard a train of wagons, (furnished by Charles H. Irvin, wagon-transportation quartermaster at Nashville,) under orders of General Mitchell, to procure flour from a mill on Red River, Robertson County, Tennessee, about 25 miles from Nashville; that there were six or seven wagons, which took from 12 to 14 barrels each; that he was instructed by General Mitchell not to give receipts; that he delivered the flour to the commissary at the post at Nashville, but does not remember his name, as he (witness) had reported to General Mitchell's headquarters only a few days before being sent on this trip.

Capt. Samuel D. Henderson testified that he was commissary of subsistence at Nashville during the winter of 1862-'63; that he distinctly remembers that, during that winter and the following spring, Capt. Samuel J. Little, the general receiving-commissary at Nashville, received

a large amount of confiscated flour from Robertson County, Tennessee, near Springfield, which flour had been taken by General Mitchell's orders, but he does not remember the exact amount, or the name of the person from whom taken.

The accounts of Capt. Samuel J. Little, general receiving-commissary at Nashville, showed that, during that winter, he received from Lieut. Charles H. Irwin, acting assistant quartermaster, large quantities of flour, (aggregate 14,418 barrels.)

Lieutenant Irwin had charge of wagon-transportation, and it was part of his duty to send out his trains, and bring in flour. If his accounts had been kept as they should have been, and as Army Regulations require, they would have shown in detail from what sources and at what dates he obtained the flour delivered by him to Captain Little; but they showed nothing on these points, and therefore afforded no evidence either for or against the claim.

The claimant's high character for integrity was vouched for by the following persons:

Citizens of Robertson County.—Jno. E. Garner, J. W. Judd, A. E. Garner, E. A. Hicks, Jo. S. Stark, attorneys at law, Springfield, Robertson County, Tenn.; W. B. Lowe, commissioner of chancery court, Springfield, Tenn.; Jno. Y. Hutchinson, clerk of circuit court, Springfield, Tenn.; J. W. Fort, chairman of Robertson County court; B. H. Boone, sheriff of Robertson County; R. H. Murphy, clerk of Robertson County court; Jno. Woodward, president of Springfield National Bank.

Citizens of Montgomery County.—W. A. Quarles, J. E. Burley, Horace H. Linton, H. C. Merritt, Wm. M. Daniel, H. W. Humphreys, members of the bar, at Clarksville, Tenn.; Jas. E. Rice, judge of tenth judicial circuit of Tennessee; Chas. G. Smith, chancellor of sixth division, Tennessee; Boker D. Johnson, attorney-general for Montgomery County; Chas. W. Tyler, judge of Montgomery criminal court; Irwin Beaumont, sheriff of Montgomery County; Polk Y. Johnson, clerk and master of chancery court; Charles D. Bailey, clerk of the circuit court Montgomery County; Saml. Rexinger, postmaster, Clarksville, Montgomery County; G. A. Ligan, mayor, Clarksville, Montgomery County; D. W. Kennedy, president Northern Bank of Tennessee; S. F. Beaumont, president First National Bank, Clarksville; B. V. Keeser, president Bank of Clarksville; Peter O'Neal, clerk Montgomery County court.

Citizens of Davidson County.—J. O. Shackleford, late judge of supreme court; P. Nelms, Jas. Chamberlain, E. F. Mulloy, members of the bar, at Nashville, Tenn.; J. V. H. Guild, judge of law court; W. B. Reese; Chas. N. Gibbs, secretary of state of Tennessee; R. L. Tuthill, special commissioner of claims; E. D. Whitworth, sheriff of Davidson County; F. M. Woodall, deputy sheriff of Davidson County; Albert Akers, clerk circuit court; Tho. F. Smiley, Jas. M. Quarles, Jno. Lemsden, P. Turney, Jno. C. Burch, Jno. M. Clelland, M. Burns, Thomas A. Kercheval, mayor of Nashville.

And upon this list (Davidson County) the governor of Tennessee certifies:

"I know the signers of this and the accompanying petitions, and it affords me much pleasure to state that they are the best men of the State, and reflect all shades of political sentiment. And I have no hesitancy in stating that they have certified the truth in favor of Mr. Fort, *who has the best standing in his county.*"

And nine persons, late officers of the Fifteenth United States Colored Infantry, also certify to his excellent character, high standing, and loyalty.

Against this mass of testimony there was before the Commissary-General nothing but a confidential letter written by Charles H. Irwin, late quartermaster, to the Commissary-General, as follows : *

"There is now (I believe) pending before your Department a claim made by Sugg Fort, of Robertson County, Tennessee, for about two thousand seven hundred and eighty-one barrels of flour said to have been taken by United States troops in December, 1862. July, 1863, I was called on by the claimant for testimony in the case. I am perfectly satisfied that the whole claim is wrong. I do not believe he had the flour for United States to get, and I know it was not got as he represented to me. I supposed that after he failed to get my testimony he would drop the matter, but I heard a few days ago that he was in Washington urging the claim, and I thought it my duty to inform you of my convictions on the subject. I am well known to all the officers of the Quartermaster's Department, and to Colonel Beckwith, of your Department. I wish this to be treated as strictly confidential."

I am not disposed to doubt that the writer honestly questioned the justice of the claim, or that a genuine desire to do his duty prompted him to communicate his doubts to the Commissary-General, but, unfortunately, he did not communicate, or even profess to be possessed of, any definite information which would in any way tend to break down the singularly strong case made by the testimony on behalf of the claimant.

He did not show even to what point his suspicions particularly tended, and he communicated nothing which opened any new track by which any further information could be sought for.

Considerable stress having been laid on the fact that he was an officer in the service of the Government, I refer to the fact that so also was General Mitchell; and I have no information that he is worthy of any higher confidence than General Mitchell. Moreover, he may be perfectly honest in his suspicions, without the claim being really unjust, but General Mitchell's direct and positive statements must either be declared *wholesale perjury*, or the claim must be just.

It would be a departure from every natural principle in weighing testimony to set his loose and general suspicions against General Mitchell's positive testimony, even if there was no further evidence in the claim.

In a letter written by D. D. Holman, which seems to have been before the committee of the House, but which was not before the Commissary-General or the accounting officers, I observe that it is suggested as a peculiarly suspicious circumstance that the claimant procured a large part of his testimony from persons residing at some distance from his own residence, viz, at Clarksville, Springfield, and Nashville. The letter shows that the writer having only heard, in general terms, that Mr. Fort had procured persons in those places to *sign papers* in his favor, (or, as the writer calls it, "assign" papers,) assumed that the testimony so procured bore directly on the questions of fact. But this assumption was erroneous, as this part of the testimony related only to the claimant's high standing and excellent reputation for integrity. The claimant showed good judgment in procuring such testimony, rather from persons whose official positions were good guarantees for the worth of their statements, than from individuals holding no such positions and whose

* This letter was not forwarded by the Commissary-General to the accounting officers with the other papers, and its existence was not known to *them* until after the claim had been settled and paid.

names might be utterly unknown in Washington; and it will hardly be denied that he has made a remarkably strong case on this point. Among those who thus testify in his behalf are the governor, the secretary of state, judges, clerks of court, sheriffs, members of the bar, presidents of banks, &c., including many prominent officials of *his own county*, the adjoining county of Montgomery, and the county of Davidson. Mr. Holman's insinuation, that the claimant could get no favorable testimony from persons who had good opportunity to know him, finds but scant support in these testimonials. I return the papers referred by you to this Office.

Respectfully submitted.

ALLAN RUTHERFORD,
Auditor.

OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington City, June 30, 1874.

SIR: The inclosed claim of Sugg Fort, of Robertson County, Tennessee, having been examined under the 3d section of an act of Congress entitled "An act to restrict the jurisdiction of the Court of Claims," &c., approved July 4, 1864, is respectfully transmitted to you, with the recommendation that claimant be paid the sum of twenty-three thousand seven hundred and twenty-three dollars and fifty cents, for two thousand seven hundred and ninety-one barrels flour—at \$8.50 per barrel, \$23,723.50—taken from December, 1862, to May, 1863, for Army use.

Hon. R. R. Butler advised.

Very respectfully, &c.,

A. E. SHIRAS,
Commissary-General Subsistence.

The THIRD AUDITOR OF THE TREASURY.

WAR DEPARTMENT,
OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington, D. C., November 13, 1874.

SIR: In reply to your letter of the 12th instant, in regard to the Sugg Fort claim, recommended for payment by me on the 30th June last, I would respectfully inform you that this claim was first received at this Office March 21, 1873, by reference from the Secretary of War, with letter from Charles C. O'Neill, dated March 19, 1873.

On the 29th March, 1873, Mr. O'Neill was informed by my predecessor that the claim could not be examined in this Office, being barred by the act of March 3, 1871. That act had been differently construed by the different authorities, and the Quartermaster-General, under a decision of the Judge-Advocate-General, "that there was concurrent jurisdiction by the Southern Claims Commission and the Quartermaster-General and Commissary-General of Subsistence," was still receiving and acting on Tennessee claims.

On the 24th of June, 1874, I was called upon by Mr. Sugg Fort and the Hon. R. R. Butler, and after some conversation in relation to the claim, I was urged to take it up and act upon it. I stated that I had not had time to examine the act of March 3, 1871, but would do so whenever I had an opportunity. The injury and loss to Mr. Fort was pleaded, and I consented the papers should be, informally, left with me, and if an opportunity offered I would look at them. That evening I read them over carefully. There was no memorandum-book giving the number of barrels alleged to have been taken from the claimant's mill. Such a docu-

ment must inevitably have attracted my attention. The papers in the case were copies of evidence before the Committee on War-Claims, made up in book-form, and certified by the Clerk of the House of Representatives. There was nothing to show there were any omissions.

Several times within a few days I received calls from Mr. Fort and Colonel Butler, and although I cannot recall with certainty any language to that effect, I was under the impression the claim had not been reached by the committee. Even without any such language being used, it would never have occurred to me that a claim, backed by a member of Congress, could be presented at this Office when the member knew that an adverse report had been made upon it by a committee of the House.

In a few days I had the opportunity and did examine the act of March 3, 1871, in connection with that of July 4, 1864, &c., and concluded that the act of March 3, 1871, did not relieve the Commissary-General of Subsistence from the examination of claims received after its date, but, as stated by the Judge-Advocate-General, there was "concurrent jurisdiction."

On the 30th of June I took up the Sugg Fort claim, and again perused the testimony carefully. The evidence of Mr. Fort was clear, although his motives for not receiving vouchers were not those which would weigh with business men. General Mitchell confirmed his testimony, and the case took the form of a confidential matter between the commanding officer at Nashville and Mr. Fort. Two laborers at the mill corroborated the testimony in a general way, and the miller swore positively to the number of barrels of flour taken, as shown by his books. The character of Mr. Fort was vouched for by very respectable names, and the case seemed clear under the law, as it was not to be supposed but that the flour was distributed by the commanding general for the use of the troops.

I therefore directed the clerk in charge of the claim branch to make up the brief of the case, enter it, and bring it to me. On perusing the brief, I found reference to a confidential letter of Colonel Irvin, in charge of transportation at Nashville at the time the transaction is said to have occurred, dated January 8, 1872, which I sent for and read. In view of this case being a confidential one between the commanding officer and Mr. Fort, it was the duty of the former to protect the latter and to preserve secrecy in the whole transaction, and if he did this the officer in charge of transportation had as little chance to know anything of the transaction as any other officer. This letter produced no effect on my opinion, and the claim was therefore sent to the Third Auditor with my recommendation for its payment. Colonel Butler, in accordance with his request, was so advised. That evening I was called upon by Colonel Butler and Mr. Tanner, requisition clerk of the War Department. They had with them the certificates of the Third Auditor and Second Comptroller, and I accompanied them and Mr. Fort (who had remained in the carriage) to my office, where I had a "request" for a requisition on the Secretary of War drawn up, and which I signed, and placed it in the hands of Mr. Tanner.

Very respectfully, your obedient servant,

A. E. SHIRAS,

Commissary-General Subsistence.

Mr. H. H. SMITH,

Clerk Committee War-Claims, Special Agent, &c.

DISTRICT OF COLUMBIA,
City of Washington :

Personally appeared Allan Rutherford, who deposed as follows :

My name is Allan Rutherford. I am Third Auditor of the Treasury. My remembrance of this case is that Hon. R. R. Butler, of Tennessee, came into my office with Mr. Fort. Mr. Butler said that he had a case for his constituent, Mr. Fort; that it had been made special all through, and that it was now here. I think that was about two o'clock, or after, on the 30th of June, 1874. Mr. Butler asked that I would also make the case special. I rang my bell and sent for the papers from the registry-desk to see what they were, and Mr. Smith brought them in. I told Mr. Butler that it would be impossible to give the case a thorough examination, it being then so late. Mr. Butler, in reply, said that the case had been thoroughly considered by the Commissary-General; that it came here with his unqualified recommendation for payment, and that to delay it now on the plea of making a thorough examination, would be doing a very great hardship to the claimant; and that he particularly and specially requested that the account be stated; otherwise this claimant would suffer; that it would probably be next spring before Congress could act upon the cases reported by the accounting officers under the law covering in balances. I do not think that Mr. Butler stated distinctly that he knew as to the justice of this claim of his own personal knowledge, but the impression made upon me at the time was that he was speaking from such knowledge. After reading the letter of the Commissary-General, in which he recommended payment of the claim, I finally consented to make it special and have the account stated, so that it might go to the Comptroller that afternoon. After it had gone to the Comptroller, I sent for Capt. Angelo Jackson, clerk in the claims division, and directed him to go down at once and see the Comptroller, and inform him that I had stated the account on a hurried examination of the papers, and principally on the recommendation of the Commissary-General, and that the case should receive thorough attention by the Comptroller before being passed. My impression was that Mr. Butler's interest was on behalf of a constituent who had suffered greatly from delay in settling his just claim. Neither Mr. Butler nor the claimant said anything in reference to any action taken by Congress. I had no knowledge, either from the papers or from the statement of Mr. Butler or the claimant, that the claim had received the action of Congress or of any committee of Congress. I supposed the certified copies presented by him embraced the whole case. If I had had any intimation that Congress or any committee of Congress had taken any action in the case, I should have declined to act on it.

ALLAN RUTHERFORD.

Sworn to and subscribed before me this 5th day of November, A. D. 1874.

CHAS. F. BENJAMIN,
Investigating Agent Treasury Department.

TREASURY DEPARTMENT,
SECOND COMPTROLLER'S OFFICE,
November 6, 1874.

DEAR SIR: In reply to your note of the 4th instant, I say that the papers in the claim of Sugg Fort were brought to me from the Third

Auditor's Office late in the day on the 30th of June, 1874. On noticing that they had been before Congress, I at once laid them aside without examination. Not long afterward Mr. Fort, accompanied by Mr. Butler, a member of Congress from Tennessee, came in, and the impression being on my mind that the claim had been previously disallowed, I stated to Mr. Butler, in response to his urgent request for speedy action on the case, that the claimant having had his claim rejected by the accounting officers, and having appealed to Congress, he must abide by his election, and get relief, if at all, from that body. I referred him to the opinion of the Attorney-General in Fuller's case, (Aug. 22, 1845, IV Op., 429,) which very distinctly enforced that principle. Mr. Butler said that I was in error in supposing that the claim had been acted upon at the Department, and that it had been presented to Congress through mistake, when it ought to have gone to the Commissary-General; that the claim had, therefore, been withdrawn from Congress, and being a just one, entirely unobjectionable, had been strongly recommended for payment by the Commissary-General, a cautious and upright officer, who, under the law of July 4, 1864, was specially charged by Congress with the investigation of this class of claims. I am not sure that Mr. Butler expressly stated that Mr. Fort was his constituent, but I certainly so understood, and that he was personally acquainted with the circumstances of the case. He spoke of the hardship of delaying action on a perfectly just claim until the appropriation had expired, and he also referred to embarrassments of Mr. Fort's property that might prove ruinous to him if his claim should be postponed to await the appropriations of another year. Not the slightest allusion was made to any adverse action of Congress, or of any congressional committee. On the contrary, I understood that the only objection to the claim was that it should have been presented to the Commissary-General instead of Congress. No intimation was given that all the papers in the case were not put before the Commissary-General and the accounting officers. After an examination of the evidence of General Mitchell and others, and giving customary attention and credence to the representations of a member of Congress appearing to be familiar with the facts, and speaking, as I thought, for a constituent, I affirmed the report of the Third Auditor, carrying into effect the recommendation of the Commissary-General. Mr. Butler, though earnest, was apparently only rendering the friendly aid that his official position and his familiarity with the business of the Departments enabled him to offer to a citizen of his State, who, with an undisputed claim, was a stranger in the city, and ignorant of the mode in which demands against the Government were to be adjusted and settled.

Truly, yours,

J. M. BRODHEAD.

C. F. BENJAMIN, Esq.

DISTRICT OF COLUMBIA, *City of Washington* :

Personally appeared Israel S. Smith, who deposed as follows : My name is Israel S. Smith. I am forty-five years of age. My residence is Washington. I am the clerk in charge of the registry desk of the Third Auditor's Office. My first knowledge of the case of Sugg Fort was when the claim was brought over by a special messenger from the Commissary-General's Office, on the 30th of June, 1874. It was one of the last cases that went through the office on that day. My impression is that Mr. R. R. Butler, of Tennessee, and the claimant, accompanied the messenger,

and that they came right in to the Auditor. These gentlemen left my room without saying anything. I took the claim around to the claims division, and left it there. I met Mr. Butler late in the afternoon, as I was leaving the Department.

I. S. SMITH.

Sworn to and subscribed before me this 5th day of November, A. D. 1874.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

DISTRICT OF COLUMBIA,
City of Washington, ss :

Personally appeared Angelo Jackson, who deposed as follows: My name is Angelo Jackson; I am a clerk in the claims division of the Third Auditor's Office. My age is fifty-three, and my residence is Washington.

The first that I knew about the Sugg Fort claim was when it was brought to me by Mr. Allen, of the claims division, on the 30th of June last. It was somewhere about 3 o'clock or perhaps after 3 o'clock in the afternoon. Mr. Allen said to me that the Auditor had made it special. I took up the papers, of course, but could not examine them as I would naturally do; but I looked for the indorsement of the Commissary-General, and I made the calculations to see that they were correct, put my initials to it, and sent it away. I afterward went to the Comptroller, on the request of the Auditor, and said to him that the Auditor wished me to tell him that he, the Auditor, had not had time to make an examination of the case and that he wished the Comptroller to make a thorough examination of it before passing it. The papers were brought in by Mr. Mitchell, and some persons came in with him while I was with the Comptroller, but I heard no conversation. The Comptroller said that inasmuch as the papers had been before Congress and the Auditor thought the thing ought to be looked into, he would have it investigated before passing it. I heard no conversation. I inferred that, from their coming in with Mr. Mitchell, they were connected with the case. I had no conversation with the claimant, or with any one on his behalf.

ANGELO JACKSON.

Sworn to and subscribed before me this fifth day of November, A. D. 1874.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

WASHINGTON, D. C., November 27, 1874.

SIR: In reply to your request of the 21st instant for a statement of any information that I may possess regarding the claim of Sugg Fort, of Robertson County, Tennessee, I have to say that, on the 30th of June last, about 3½ o'clock p. m., I took in person to the Office of the Second Comptroller of the Treasury some requisitions.

After leaving that Office, and while waiting for a car to go home, Mr. Allen, of the Third Auditor's Office, came out of the Treasury, and stated that Hon. Mr. Butler, of Tennessee, had just gone in to the Second Comptroller with a case, and that most likely he would want me to issue a requisition upon it if the Comptroller approved it.

Knowing that after that day no claims chargeable against old balances could be paid, after some consideration I returned to the room of the Second Comptroller, and there found Judge Butler and Mr. Sugg Fort. Upon my entering, the Comptroller remarked that they were just talking about me; that he had allowed a case for Mr. F., but had told the judge that I had left the Department, and in all probability no more requisitions would be issued. Judge Butler at once requested that I should return to the Department and see if we could not catch the Secretary and have a requisition issued, pleading very strongly the necessities of Mr. Fort, stating that his property was mortgaged and would be sold, or words to that effect, if the claim was not paid then.

The Comptroller agreeing to remain until we returned, I accompanied Judge B. and Mr. F. in a carriage to the War Department. We found the Secretary had gone. I consulted Mr. Crosby, the chief clerk, who declined to take any action, and said nothing could be done without the request for a requisition was made in the regular way by the Commissary-General. Judge B. asked me if I knew where the latter lived, being satisfied that he was not at his Office at so late an hour. I said I did, and again, at his urgent request and after speaking to Mr. Crosby, I accompanied them, and went to the house of General Shiras, Commissary-General. Judge B. represented the case to General S., and he drove with us to his Office, and had a request prepared by Mr. Eldridge, who happened to come up just at the moment we arrived.

Judge B., Mr. F., and I then returned to the War Department, where I made the requisition, and we all rode up to the house of the Secretary of War, who signed it there. Again returning to the War Department, I made the proper entry and took the requisition, in company with Judge B. and Mr. F., to the Second Comptroller, where my connection with the matter ended.

Very respectfully,

JOHN B. TANNER.

CHAS. F. BENJAMIN, Esq.,

In the matter of the claim of Sugg Fort, of Robertson County, Tennessee.

Statement of Henry H. Smith.

My name is Henry H. Smith. I reside at No. 1325 F street, Washington, D. C. I am clerk of the Committee on War-Claims, House of Representatives. Early in the month of December, 1873, (about the 5th, I should say,) a bill was introduced by Hon. H. H. Harrison, M. C., of Tennessee, and referred to the Committee on War-Claims, for the relief of Sugg Fort, of Robertson County, Tennessee. This bill was, in the usual order, referred by the chairman, Hon. William Lawrence, of Ohio, to Hon. Isaac W. Scudder, of New Jersey, as a subcommittee, for examination and report. In examining the papers submitted with the bill there appeared a statement made by Fort in regard to the alleged circumstances of the taking of his flour by the United States military authorities. No reference whatever was made in that statement to the secret visit to General R. B. Mitchell, then in command at Nashville, Tenn., or to the claimant's refusal to accept vouchers or receipts; but, to the best of my remembrance, it was alleged by Fort that sundry wagon-trains from time to time visited his mill on the Red River, in said county, and took therefrom this flour for which claim was made. During the month of January, or possibly early in February, some testimony

was filed before the committee by Judge Harrison, being the evidence taken before United States Commissioner Campbell, the witnesses being Wiley Edwards, Albert Metcalf, and Henry Waters. No report was made on the claim by Mr. Scudder until some time toward the latter part of April, when the case was brought up for discussion and postponed, neither Mr. Scudder nor any member of the committee being satisfied as to the sufficiency of the evidence. Early in the following month (May) Mr. Fort appeared at the committee-room, and handed me an envelope containing the affidavit of General R. B. Mitchell and a formal petition to Congress, signed and sworn to by himself, which he said he desired to substitute in the place of the statement first made by him. I replied that the case was in the hands of the subcommittee, and that I had no authority to permit the exchange, and referred him to Mr. Scudder. Mr. Scudder shortly after came down to the room and asked me in regard to the matter. He stated that Fort said that he wished merely to substitute a paper more full as to details than the first, and he consented that this might be done. The statement first made by Fort was delivered to him, and the other papers filed with the case. I read the first statement hurriedly, and to the best of my remembrance the failure of Fort to obtain vouchers for the flour alleged to have been taken was ascribed to the fact that the officer taking the flour had no authority to issue such vouchers or receipts. I think there was nothing in that statement to the effect that the officers taking the flour had been specifically instructed by General Mitchell not to issue receipts in pursuance of any plan or understanding between Mitchell and Fort. The latter part of May, or possibly early in June, the case was brought up for final action. General John Coburn, chairman of the Committee on Military Affairs, made a statement in regard to the case, and adverse to the claim, on information received by him from officers formerly, I think, of his command. The claim was unanimously rejected, and it was directed to be so reported to the House. The committee, however, had no opportunity of reporting any cases after the last call of committees for private bills early in May, and by agreement all the reports of the Committee on War-Claims were made as on the last day of the session. General Mitchell appeared at the committee-room frequently in company with Fort, and stated that he was acting as the friend and counsel of the claimant. Hon. Roderick R. Butler, of Tennessee, also visited the room or inquired of me frequently as to the case. I think Mr. F. S. Sowers, a claim-agent, also inquired two or three times about the progress of the claim. I never saw or knew the claimant before his bill was referred to the committee. During the pendency of the case I never saw any document contemporaneous with the claim. I called the attention of the claimant to the difficulty of proving the case in consequence of there being no such documentary evidence. I said to him, when he complained of the delay, that his case was by no means so clear as to entitle him to expect speedy action thereon. I remarked that his failure to take the names of commanding officers of the commands which he claimed visited his mill and took the flour, together with the fact that no dates were given specifically, was an important omission. He claimed to have record evidence of the amounts taken at each visit, and said that a portion of his books were destroyed when his mill was burned; but that the book in which was entered the number of barrels of flour, taken at each visit, was still in existence. This was subsequent to the filing of the affidavit of Wiley Edwards. Papers were handed to me at different times to be filed with the case, either by the claimant or by Hon. Roderick R. Butler. I make this state-

ment entirely from memory, without having referred to the books or records of the committee.

HENRY H. SMITH,
Clerk Committee on War-Claims, House of Representatives.

Since making the foregoing statement I have examined the records of the Committee on War-Claims, and find them to confirm all material points in said statement.

I further state that Hon. Roderick R. Butler examined the papers in the Sugg Fort claim before the committee had taken final action thereon, and that I handed him the papers for that purpose; that he was accompanied by the claimant, and that he stated to me, as his opinion, that the case was well proved.

I further state that, when Mr. Butler appeared before the committee on the 5th of June, and asked the reference of this claim to the Commissary-General, he was aware that the committee had agreed to adversely report the claim at a meeting on the week previous, and that he asked me to give him information as to what General Coburn had stated to the committee, especially asking for the names given by General Coburn, and also desired to be informed as to what had occurred when the case was reported by Mr. Scudder.

I further state that Mr. Butler asked me for the papers shortly before adjournment, and that I informed him that Mr. Scudder had them, awaiting the close of the session to make the adverse report he had been instructed to make.

HENRY H. SMITH,
Investigating Agent, Treasury Department.

DECEMBER 5, 1874.

Questions suggested to the Hon. Roderick R. Butler, M. C., as bearing upon his connection with the claim of Sugg Fort, of Robertson County, Tennessee.

I. How long have you known Sugg Fort; where did you first make his acquaintance, and through whom, and what was the cause or purpose of your becoming acquainted?

II. When did you first hear that he had a claim for flour taken by the United States, and from whom did you hear it, and why were you told of it?

III. When first told to you, what were the alleged circumstances connected with the taking of the flour, and what military officers were named to you as connected with the taking or use of the flour?

IV. Did you ever do anything in aid of or in behalf of the claim, before Congress or any Department of the Government, or both; and, if so, what did you do?

V. Did you take any measures to satisfy yourself of the validity and justice of the claim and the loyalty of the claimant; and, if so, what steps did you take?

VI. While the claim was pending before Congress, what other persons than the claimant were engaged or interested in the prosecution of the claim, so far as you knew or were advised?

VII. Did you know, and when did you know, that the claim had been adversely reported upon by the Committee on War-Claims?

VIII. Did you subsequently introduce a bill into Congress, or did you ever introduce such a bill, referring such claim to the Commissary-General, and what was the cause and occasion of such a bill?

IX. What did you understand to be the relations between General Robert B. Mitchell and the claimant while the claim was before Congress ?

X. Did you ever know or hear of General Mitchell doing anything in aid of the claim, other than testifying in aid of it ; and, if so, what did he do ?

XI. While the claim was pending, did you know or hear of any persons receiving money from the claimant for their services in the case ? If so, what persons, and for what services.

XII. After the claim was paid, do you know what became of the money ? Did you turn it all over to the claimant, or did you make any payments, distributions, or disposition of the whole or any part thereof ? If so, to whom ?

XIII. Did the claimant offer or urge upon you any part of the proceeds of the claim in recognition or payment of your services, expenses, or loss of time, or did he offer to make any contribution to the expenses of your political campaign ? If he did either of these things, which did he do, and what did you do or say in answer thereto ?

XIV. Have you any knowledge or information as to the disposition made by the claimant of the money paid over to him by you, as collected upon this claim ?

XV. Do you know, or have you heard, the names of persons receiving any part of the proceeds of the claim, and how much each or any such person received ?

XVI. Do you know, or have you heard, of any persons at Washington, or elsewhere, who have claimed or asserted that they ought to have received rewards or payments out of the proceeds of the claim ; and, if so, what persons ?

XVII. After the adjournment of the last session, what Government officers did you see in aid of the claim, naming them successively ?

XVIII. Did you ever profess to any such officer that you had personal knowledge of the merits of the claim, or the pecuniary situation of the claimant ?

XIX. Did you ever hold out the claimant to any such officer as an old friend, or old acquaintance, or constituent, either by directly asserting such relation, or by indirectly leading such officer to assume such relation between you ?

XX. Did you ever represent to any such officer that the claim had not received the action of Congress, or did you fail to state to any such officer that the claim had been acted upon adversely in Congress ?

XXI. Did you ever state to such officer that the papers presented under certificate and seal of the House of Representatives were copies of all the papers in the case, or did you fail to state that they were not all the papers in the case ?

XXII. Did you ever tell any such officer that the claim had been presented to Congress by mistake, and that it should have been presented to the Commissary-General, and that it had been withdrawn from Congress, or did you state any one of those three things ?

XXIII. Did you, yourself, select the papers from the files of the House to be copied and certified ? If not, did you have anything to do with the selection ? By whom was the selection made, and on what principle was it made ?

XXIV. Have you talked with, or written to, or heard from any person in relation to the claim or the investigation of it, within the past three months ; if so, with whom have you talked, to whom have you written, and from whom have you heard ?

XXV. Have you had any communication with or from the claimant, General Mitchell, or F. S. Sowers, of Washington, within that time, concerning the claim?

The answer of R. R. Butler to the interrogatories filed by Charles F. Benjamin, investigating agent, Treasury Department.

Answer to the first interrogatory. I don't remember how long I have known Sugg Fort. I think about one year, though I may have been introduced to him before that time. I first made his acquaintance at Washington. As to the cause or purpose of our being acquainted I cannot say. I presume he was introduced to me as a loyal Tennessean who had some business before Congress; but of this I presume only.

Answer to second interrogatory. The first I ever heard of his having a claim for flour was during the last session of Congress. Charles O'Niel, a claim-agent from Nashville, Tenn., came to me at the Ebbitt House, and told me that Fort had a claim against the Government for flour that he claimed was a just one; that the claimant was a loyal man; that he was pecuniarily embarrassed; and that he (O'Niel) wanted me to render him all the assistance I could, and gave me the particulars of the claim, and enlisted my feelings for the claimant. O'Niel further told me that he was the attorney for the claimant. I presume I was told of the claim to get my assistance in Congress to have the same paid.

Answer to third interrogatory. The circumstances of the taking of the stores I have only an imperfect recollection of, as detailed to me by O'Niel. My recollection is, that he stated to me that the flour was taken by the Union Army at the request of Fort, to prevent it from falling into the hands of the rebel troops. I think he stated that General Mitchell was in command at Nashville when the flour was taken, and had testified to the taking, or would do so.

Answer to fourth interrogatory. During the last session of Congress Hon. David A. Nunn, of Tennessee, came to me and stated that Fort had a claim pending, and wanted me to help him (Fort) to get it passed; that O'Niel had told him all about the claim, and that he (Nunn) was satisfied that the claim was just and Fort was a loyal man and should be paid. I told him I would do all I could to help him to have the claim allowed. As to what I did I can't say. I saw and talked with several members of the committee and of the House about the claim and presume I advocated the justness of it. While the claim was before the committee I thought the Commissary-General's Department could better adjudicate such claims than Congress, and told Fort that he never should have brought his claim before Congress, as it was a proper case for the Commissary-General's Department; and at his agreeing to my suggestion, I, on the 16th of June, as appears from the Record, offered a resolution referring the case to the Commissary-General, which failed to pass, as the resolution did not come from a committee. (See Record, June 16, 1874, page 5051.)

Answer to fifth interrogatory. I was satisfied of the validity of the claim from what O'Niel stated to me, together with General Mitchell's coming in person to me and stating that he knew of the taking of the flour, and that the claim should be paid; also, Fort had told me about it; and, as to loyalty, I was assured by the same parties, and I think all our Tennessee delegation in Congress who knew Fort were satisfied of it. I felt certain that the claim was just, and he was a loyal man, and felt that he was badly treated in not getting his pay.

Answer to sixth interrogatory. I knew of no persons while the claim was pending before Congress other than the claimant, except O'Niel, who were interested in the prosecution of the claim.

Answer to seventh interrogatory. I don't know when I learned that the claim had been reported adversely on by the committee. I did not know until recently, and never saw the report until to-day, December 1, 1874; but it, I see, was made on the 22d day of June last; but nothing of the kind appears in the Record of that date. I was unwell the last two or three days of the session, and was not familiar with the proceedings.

Answer to eighth interrogatory. I never introduced a bill into Congress referring to the claim of the Commissary-General. I introduced the resolution as stated in my answer to the fourth interrogatory.

Answer to ninth interrogatory. I understood General Mitchell to be a witness in the case. Fort, or some one, perhaps Mitchell himself, told me that he had come to testify as to the taking of the flour by the Federal Army.

Answer to the tenth interrogatory. I never knew of General Mitchell doing anything in aid of the claim, only his visit to see me, as aforesaid. I heard from him that he had testified in the case.

Answer to the eleventh interrogatory. I never knew or heard, while the claim was pending, of any person receiving money from the claimant for their services in the case.

Answer to twelfth and thirteenth interrogatories. The claimant, the day he received his check or warrant for the money, as I now remember the time, came to my room and asked me to go with him to the Treasury to identify him, so as to draw his money. I told him I had to go to the Post-Office Department on some pressing business, but I would meet him at the Treasury within a fixed time. When I got near the northern entrance to the Treasury he met me, and said there were several men standing near the corner of F and Fifteenth streets watching him to get his money; that they wanted to extort large fees from him, and he did not intend to be fleeced, and requested me to step in and get his money and bring it to him, and he handed me his check or warrant, properly indorsed. I stepped into the Treasury and presented the warrant. The paying-teller asked me to write my name across the same, which I did. He paid me the money. I took it directly to Fort's room, which was near by, and handed it to him just as it was handed me at the Treasury. He counted the same, and offered me, I think, one thousand or fifteen hundred dollars. I told him I would not receive one cent; what I did for him was not for pay, but to serve a Tennessean and a nephew and an old friend of mine, Edward Fort. He then insisted on my taking money to pay my expenses in my coming canvass, which I refused, and did not take one cent. I handed him every cent of his money. He did not expend one cent in my recent campaign.

Answer to fourteenth interrogatory. I have no knowledge whatever or information as to the disposition he made of the money. I never saw him afterward but one time—on the street for a few minutes—and never have had a word verbally or in writing from him since.

Answer to fifteenth and sixteenth interrogatories. I do not know nor neither have I heard of any persons at Washington or elsewhere who have received or claimed or asserted that they ought to have received rewards or payments out of the proceeds of the claim, except Charles O'Neil, who stated to me that Fort had treated him badly, as he was to have had one-third of the amount of the claim, and that when he pre-

sented his written contract with Fort, he, Fort, became angry and wanted to shoot him. He told me that a day or two since.

Answer to seventeenth interrogatory. After the adjournment of Congress, Fort told me he had got permission to withdraw his papers; that he was going to file them in the Commissary-General's Office. How he got that permission I don't remember. He (Fort) came to me and stated that he had been to see the Clerk about his papers, and that he told him they could not copy them for several days, and asked me to go with him and see Mr. McPherson, the Clerk. I was unwell, and wrote McPherson a letter asking him to have the papers copied for Mr. Fort. Fort came back that day or day after with the papers, and asked me to go with him to the Commissary-General and ask him to take the papers and examine them. I did so; and General Shiras, the Commissary General, said he had so much to do, it was impossible to examine them. We left the Commissary Department, and I went to the Treasury Department, as I now remember. Fort came and hunted me up, and handed me a letter from his wife, written a few days before, stating that if he failed to get his money they would be sold out of house and home. The letter was very feeling and sad. I sat down and wrote to the Commissary-General about the letter, and asked him to investigate the claim, if possible. I told Fort to take my letter and his wife's to the Commissary-General and let him read them. He returned soon, and said that the Commissary-General had agreed to examine his claim. I then stepped into General Rutherford's office and asked him if the claim was passed on favorably by the Commissary-General, would he have it audited. I told him I was unwell, and did not want to return to the Treasury Department that day. He told me he would do so. I afterward saw the Second Comptroller and Secretary of War.

Answer to eighteenth interrogatory. I never professed to any one that I had personal knowledge of the claim or its merits, as I lived four hundred miles from Fort's farm, where the flour was secured by the Government. I may have stated to several of the officers of the Government my opinion of the justness of the claim.

Answer to nineteenth interrogatory. I did not hold out the claimant as an old friend of mine, or an old acquaintance. I may have stated that he was the nephew of an old personal and political friend, as he is the nephew of Edward Fort, who is an old friend and political friend of mine; but of this I don't remember.

Answer to the twentieth interrogatory. If I was asked by any officer of the Government whether the claim had been acted upon by Congress, I told them just what I then believed about it; that was, the claim was pending before the committee, as I don't remember that I had heard or learned that the claim had been adversely reported from the committee. I made, if asked about the status of the claim, just such a statement as I believed to be true, and none other. I have not the slightest recollection that I learned that the committee had acted adversely upon the claim at the time I visited the Departments about the claim.

Answer to twenty-first interrogatory. I never represented to any one that the papers presented under certificate and seal of the Clerk of the House of Representatives were copies of all the papers in the case. I never had seen a paper in the case; had no knowledge of the papers; did not know whether there were half a dozen or ten dozen papers in the case. I don't know, nor never did, what papers were presented to the Departments.

Answer to twenty-second interrogatory. I did not tell any officer of

the Government that the claim had been presented to Congress by mistake, and that it should have been presented to the Commissary-General, and had been withdrawn from Congress. If I said anything in that direction, I may have, and doubtless did, state that the claim should have been presented to the Commissary-General's Department, as that was, in my opinion, the proper form for all such claims. I presume Hon. H. H. Harrison, the Representative from Fort's district, presented the claim to Congress at the suggestion or request of O'Neil, the attorney for the claimant.

Answer to the twenty-third interrogatory. I have no recollection of ever seeing a paper in the case. I did not select the papers from the files of the House to be copied; if I did I have entirely forgotten the circumstances; nor do I know who did, nor upon what principle the selection was made, unless it was upon the principle indicated by the Speaker, on the 13th of June, 1874 page 5438, when he says: "Nothing is withdrawn by the parties but that which they themselves have filed." But whether it was upon this principle the papers were selected I never knew, nor now don't know. I wrote to Mr. McPherson to have them copied for Fort. If I had selected them from the files I would have stepped into McPherson's room, which was two doors from the file-room, and made a verbal request to have them copied; but I wrote from my room, being unwell, to him to have the copies made. Owing to the absence of McPherson, I can't present a copy of the letter with the answers. That letter was my only action in connection with Fort's getting these copies; its contents, if produced, which I hope can be, will show my connection with the getting of the copies for the Department.

Answer to twenty-fourth interrogatory. I have talked with no one about the claim within the past three months, nor wrote a line about the claim only as aforesaid, except since my arrival, within the past few days. I talked with O'Neil, the attorney, and General Mitchell, and Captain Sowers. No person ever wrote me a line about the claim.

Answer to twenty-fifth interrogatory. I never have heard a word, verbal or written, from the claimant, since the day, or day after, he received his money in Washington. I don't know his post-office address. General Mitchell and Captain Sowers informed me, a day or two ago, that they had testified before the committee.

I is hereby certified that the foregoing statement was personally handed to me by the Hon. R. R. Butler, M. C., at the office of the Southern Claims Commission, December 2, 1874, he informing that he filed it as his statement in the case of Sugg Fort, of Tennessee.

Witness my hand this 3d day of December, 1874.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

[From the East Tennessee Echo, Jonesborough, Tenn., October 23, 1874.]

REFLECT BEFORE YOU VOTE.

When the voters go to the polls November 3, they should remember that a large number of claims are pending at Washington in favor of Union men in this district. In most of these cases it will require the personal attention, effort, and influence of our Representative to secure their payment. During his service Judge Butler has devoted most of his time to this particular interest of his constituents, and the result is that more money has found its way from the National Treasury to ours

than any district in the South, as the records show. Judge Butler knows the devious ways and complications of the Departments, is influential with their chief officers, and never fails to put through a meritorious claim, as hundreds and thousands of men will testify. It takes the most active and observing Congressmen two to four years to attain such an invaluable acquaintance and information. Sending any other man to Washington at this juncture will have the effect of indefinitely postponing the payment of hundreds of honest claims. Every claimant should consider this fact when he goes to the polls. In the extension of favors Judge Butler has acted with the utmost impartiality, and has attended faithfully to all business intrusted to him by his constituents, regardless of color and politics.

To the Committee on War-Claims, House of Representatives :

Your petitioner, Sugg Fort, a citizen of Robertson County, State of Tennessee, respectfully submits for your consideration the accompanying account against the United States Government for two thousand seven hundred and ninety-one barrels flour, valued at \$8.50 per barrel, amounting to \$23,723.50. (See account, marked A.)

My residence is at Fort's Station, county and State aforesaid. My age is 37, and my occupation a miller and farmer.

At the outbreak of the war in April, 1861, I was a Union man, and so continued all the time during the war. In 1861 my State voted for or against secession twice. I voted and used my influence against secession both times. I was at the commencement of the war, and had been regularly engaged at the milling business since 1854, owning two mills, both on Red River, in Robertson County, six miles apart. The flour was taken from the mill at my home-place; it was a frame house 60 by 55 feet, five stories high, and could make 120 barrels per day. During the war I continued to make flour, procuring wheat under permits granted me by Federal authorities, no purchases being allowed without permits. My permits allowed me to buy wheat and carry flour by wagons to Clarksville and Nashville, but the facilities for transportation being so meager, and the country so infested with guerrillas, I could not send my flour to market, and feeling the guerrillas would steal my mules if I kept them, I sold all except four, which I kept for my farm. Having no means of sending my flour to market, it accumulated as manufactured. I had to store it in my mill and warehouse adjoining the granary, tobacco-barns, and a large store-house on my farm. I had thus stored over 3,000 barrels at the time I finished grinding my supply of wheat, the 28th of November, 1862. The United States Government had the occupation of Middle Tennessee at the time, but the occupation of my county was not sufficient to guarantee protection to Union men, and bands of rebels in the county annoyed me very much. Small bands came to my place at night and carried away small quantities of flour, &c., I, if at home, having to hide while they were there, fearing they came after me. They would take the flour in bags, on their horses; sometimes bring a small wagon, but generally on their horses.

Fearing the rebels might occupy the country in sufficient force to get my flour, and dreading they would burn all the buildings containing the flour, I determined the Union Army should have my flour and risk getting compensation from the Government; and knowing if I went to Nashville publicly and sold my flour to the Union Army and the rebels found it out, they would burn all my buildings, hence I went to Nashville secretly to report the flour and have it seized by the Union forces, and on the night of the 3d of December, 1862, about 8 o'clock

in the night, I secretly got my horse and started for Nashville, drawing my hat down over my face whenever I passed anybody's house or met any one, to prevent recognition, telling no one but my wife and Mr. Johnston (my Union miller) where I was going. Got to Nashville about sun-up on the morning of the 4th of December, and, after getting my breakfast, went to my friend E. M. Reynolds, now deceased, a Union man, told him the facts, and he took me to General Mitchell's headquarters, on College street, who was the post commander. I told him I had about 3,000 barrels flour on my place, and I wanted him to send wagons and get it, and if he did not the rebels would get it. He told me to come back in an hour or so and he would let me know. I went back at the designated time. He told me he would send for the flour. I started from Edgefield, opposite side of the river from Nashville, about 11 o'clock December the 5th a. m., going with them in about eight miles of my place, where they camped for the night. After night I left them and went home; told my wife the wagon-team would be there in the morning, December 6. Had already told General Mitchell the flour must apparently be seized against my will and wishes, and the officer in command of train, when he arrived at my place next morning, carried out the impression, as did I, by my actions, there being a number of citizens at the mill when the train arrived waiting for their grinding to be done. The train was loaded and went to Nashville, and continued to come until they got 2,791 barrels. The account of the flour was kept by Wiley Edwards, one of my millers and book-keeper. I told General Mitchell I did not want receipts as if I was being paid for the flour. The rebels in the country might hear of it and my property would be destroyed; but after the war I would try to get my pay from the Government. The Quartermaster's Department has paid me for wheat used as forage by the United States troops in West Tennessee, but the Commissary-General declines to examine my claim for flour on the ground that he had no jurisdiction; (see his letter herewith, marked B;) and having no other way of relief I have appealed to your honorable committee for a fair consideration of my claim, believing that a thorough investigation will establish its justice and payment.

SUGG FORT.

Sworn and subscribed to before me this 4th day of May, A. D. 1874.

{ THOMAS J. MYERS, }
 { NOTARY PUBLIC, }
 { WASHINGTON, D. C. }

THOMAS J. MYERS,
Notary Public.

Sugg Fort, having been by me first duly sworn, deposes and says:

My name is Sugg Fort; I am 37 years of age; I reside at Nashville, Tenn. I am a trader and speculator.

The flour included in the claim lately allowed me was ground and stored entirely at my home-place; I operated the mill regularly from November, 1854, until it was burned in November, 1872.

Between the outbreak of the war and the occupation of Tennessee by the United States Army, my largest contracts and sales were with Merriam and Co., of Memphis, James Canter, of Clarksville, Tenn., William Hassinger, of Saint Louis, Mo.; I also shipped to my regular commission merchants at New Orleans, C. H. Smith, and others.

Under my United States military permits to buy wheat, I bought, among others, from Col. E. A. Fort, of Fort's Station, Robertson County, Tenn.; Dr. Newton Walters, of Logan County, now of Nashville; William Watkins, of same county, now also of Nashville; George Snadon,

Todd County; Jack Hoover, Todd County; E. L. Fort, Robertson County; T. H. Gardner, 4 miles from Fort's Station; J. W. Fort, Robertson County; J. N. Barker, Clarksville, Montgomery County, now dead; S. M. Ligon, Montgomery County.

I am not positive whether or not I sold or sent any flour to Nashville or Clarksville in the summer and fall of 1862, but I think that I did not. I sold at auction at Clarksville, Tenn., about five mules. I have no recollection of the purchasers; I was not present at the sale, nor do I remember the name of the auctioneer. The sale was in the fall of 1862. I sold four mules privately at my place to Mr. Sam. Johnson of Clarksville, still living; I think that the price was \$150 each; also two mules to Sam. Williams, now living at Paducah, Ky.; also two more to Col. E. A. Fort, of Robertson County; also one to Henry Binkley, near Springfield, Robertson County; two more to James Connell, of Robertson County.

Between May and December, 1862, I used four buildings as store-houses for my flour:

1. Tobacco-barn, 50 feet by 60 feet; about 30 feet high. It would have held six or eight (thousand—J. T.) barrels of flour.

2. Granary, 60 feet by 20 feet; about 20 feet high. Would have held, at a rough guess, from two to four thousand barrels.

3. Store-house, I think 40 feet by 45 feet; about 10 feet high, holding about 1,500 barrels.

There are three buildings on my farm.

4. Mill and warehouse; mill, 45 feet by 50 feet, four stories high; warehouse 30 feet by 40 feet, and adjoined the mill, two stories high. Both together held about 4,000 barrels and left me room to mill. The dimensions and capacities of these buildings are not precise, but I believe them to be correct.

When the Federals occupied Middle Tennessee, I had on hand but little wheat or flour—very little.

Between the time the United States soldiers came and the time I saw General Mitchell, I may have bought twenty thousand bushels of wheat.

I know that it was the 4th of December when I saw General Mitchell, because I got it from my books in the spring of 1870. In 1874, when I made my affidavit, I could have had no information except from my books as to the date I came to and returned from Nashville.

E. M. Reynolds lived in Nashville, Tenn. I don't remember now where his house was, nor do I remember what his business was then. He moved to Louisville during or since the war, and I think that he was in a shoe-store.

I don't recollect what officers were then about General Mitchell's headquarters.

My mill was distant from Edgefield about thirty miles. Escort to the wagon-train that went to my place were chiefly foot-soldiers, I think.

I do not recollect any of the names of any of the citizens who were at my mill when the soldiers came. The United States soldiers were engaged in carrying away the flour five or six months.

Some rebels came to my mill during the time just named. My mill was not destroyed or the flour, because my wife's relations (brothers) were in the rebel army. Whenever they came I would get out of the way and she would appeal to them not to destroy my buildings. I do not know that they destroyed either mill or property about there, except the railroad-bridge.

My claim for flour was not made out before 1870, because I had a

claim pending in the Quartermaster's Department for wheat, which was not settled until November, 1868. I was advised by my friends, Captain Sowers, of Washington, and others not remembered, not to file the flour-claim until the wheat-claim was paid. I do not recollect the reasons given by Captain Sowers for his advice.

After giving my claim to Captain Sowers, I next went to Washington in August, 1871. I staid but a few days, owing to sickness. I don't think that I went back again until March, 1873. I do not recollect whether or not I was there in December, 1871. I boarded at Willard's Hotel every time except the last time. I did not find out in August, 1871, whether Captain Sowers had filed my claim since I was taken sick and unable to attend to any business. I was attended by Dr. Bulkley. I got to Washington, D. C., on Saturday morning; did not see Captain Sowers till that evening; did not talk business with him, since I was tired. Got up next morning sick with cholera morbus; remained sick until Friday, when, by advice of my physician, I left for home.

Johnson, my former miller, is dead; died at my house nearly two years ago. He is buried at the old Johnson burial-ground, near Adams' Station. I did not know then, nor do not know now, the names of any officers or wagon-masters or of any other persons attending the Government trains that came after my flour.

General Mitchell was the only officer with whom I ever had any conversation or business in regard to this flour. I gave information to General Mitchell that led to the seizure of a large amount of bacon. I never knew whose bacon it was, nor on whose place it was. It was five or six miles from Nashville, on the road to Springfield. A negro named Ralph Munford, living at or near Clarksville, told me of it. He was killed about one year ago at the railroad-crossing at Clarksville.

My mill was the only mill for which there was a permit to buy wheat in this whole section for merchant business. I got my permit from General Rousseau. I think it was in the summer of 1862. The other miller within five miles of me was Judge Samuel Watson. My mills and Judge Watson's were the only mills in this vicinity. If Watson's mill was doing a merchant business I did not know it.

I was in Washington when my flour-claim was allowed last June. I got my money all in currency; I got \$23,723.50. I received this from Judge Roderick Random Butler, member of Congress. I gave him the Treasury draft with my indorsement on it, to get the money for me, because I did not wish anybody to see me drawing so much money myself. I got the draft myself from Colonel Mann at the Treasury Department. Judge Butler paid over to me the full amount. I object to saying whether I changed that money into any other form, but I brought it home to Tennessee.

I paid out of that money or any other money nothing to witnesses, attorneys, or helpers. I did pay small amounts of from \$25 to \$50 to several persons at Washington, but not in the service of the Government, whose names I do not desire to give. I never paid any money, directly or indirectly, to any member of Congress or officer of the Government. I did wish to compensate Judge Butler, and offered him \$500, which he declined to receive, and told me to give to my wife with his compliments. I first became acquainted with Judge Butler at the last session of Congress, through the introduction of E. A. Sowers, of Tennessee, then in Washington. Congressman Harrison, of Nashville, advised me to go to some older member of Congress than himself, and suggested Judge Butler. Judge Butler first told me that he would ex-

amine the papers of my claim, and if he found it a meritorious claim that he would assist me in regard to it. Subsequently, and after some delay, he told me that he would assist me.

I still adhere to my former statement that I owned two mills; the second mill was the one referred to in Colonel Fort's deposition, as owned by my wife's family. I bought it from a brother of my wife, to whom it was assigned as his portion of the estate. The deed to the same is on file at Washington in my wheat-claim. Only my cash-book was saved from the fire when my mill was burned.

At the time the United States troops were taking my flour the railroad was not in running order, some of the bridges there being down.

I was on intimate terms with my cousin, E. A. Fort, during our partnership and afterward, and was accustomed to consult with him upon all important matters, but did not tell him of my visits to General Mitchell, either before or afterward. I don't recollect that I have ever told my father or Colonel Fort, to this day, about my visits to General Mitchell. I had no business relations with my father, but was in the habit of consulting with him, as with Colonel Fort. I told my wife before I started and after my return; I told no one else till in my statement, filed with the Committee on War-Claims of Congress.

The first time I saw General Mitchell, after I saw him in Nashville, was in Washington, last spring. I tried to find him before that time; I made inquiries about him at Washington in March, 1873, among others Mr. Shissler, of the Treasury Department, who could not give me any information about him.

I met General Mitchell at Willard's Hotel last spring, in March; he passed by where I was sitting, and somebody with me, whom I don't remember, addressed him. I got up and spoke to him, and asked him whether he remembered my visit to him at Nashville, when he answered that he would never forget it; then I told him that I wanted his affidavit, and he said that he would give it.

When I testified awhile ago that I did not pay any money to any person for services in connection with my claim, I did not have in my mind General Mitchell, for I did pay him, I don't remember how much; I kept no account of it; I always paid him in small sums. These sums, some before and after I got my claim collected. I think that I gave him at one time \$500 after my claim was collected; I don't recollect whether I paid him any large sums either before or after that; I paid him not for his affidavit but for his professional value, as I kept him away from his business, in order to get his statement before Congress or the Departments whenever, if ever, needed.

General Mitchell gave me professional advice after I met him at Willard's, telling me how to shape my papers and case.

SUGG FORT.

Subscribed and sworn to before me at Fort's Station, Robertson County, Tennessee, this the 26th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

Circuit Court Commissioner of the United States

for the Middle District of Tennessee.

I, Robert B. Mitchell, being duly sworn according to law, do depose as follows: In the fall of 1862 I was a brigadier-general of volunteers, United States Army, and in November of that year was appointed to the command of the post, district, and defenses of Nashville, Tenn.

Early in the month of December, 1862, Mr. Sugg Fort, of Robertson

County, Tenn., came to my headquarters, at Nashville, and informed me that he had a large amount of flour. To my best recollection he stated the quantity at three thousand barrels, and asked whether I had not sufficient transportation to get it out of the way of the straggling confederate bands which infested Robertson County. He stated also that he desired the United States Government to have it, but did not dare to sell it or to have it known that he had sold it or had made any arrangements by which the Government could obtain it, as, if he did, his confederate neighbors and the predatory bands would burn his mills, which were very valuable. He desired me to order the commanding officer of the escort to *press the flour*, and create the impression in the community where he resided that it was taken against his consent. This I did, with the commanding officer of each of the trains which I sent after the flour.

Mr. Fort stated to me at the time that he was willing to take his chances of the Government's paying him in the future, as he wanted the United States to have the flour, and desired to keep it out of the hands of the confederates.

Under this arrangement I sent out trains from time to time, took the flour at Mr. Fort's place, had it hauled to Nashville, where it was used by the troops, who at this time were greatly in need of supplies, the road to Louisville being frequently cut by the enemy, and the river being infested with Wheeler's cavalry to such an extent that the arrival of supplies by water was as uncertain as it was by rail.

The quantity was reported to me on the arrival of each train, and my recollection is that the aggregate so reported was about 2,700 or 2,800 barrels. Flour at the time in question was very scarce, and the reporting of this flour by Mr. Fort, and its subsequent transport to Nashville, were of a value to the Government far in excess of the mere money-value of the flour, as the action of Mr. Fort supplied a vital want which, in the precarious state of affairs at that time, threatened great difficulty, if not disaster.

At the same time Mr. Fort gave me information where I could procure a large quantity of bacon, which it was supposed had been concentrated to send through to the confederate army. On this information I seized for the use of the Army 41,000 or 42,000 pounds of bacon, worth four or five thousand dollars.

Mr. Fort gave me, during the winter of 1862 and 1863, valuable information from time to time, both as to the enemy and as to the status for loyalty of his neighbors. His name was sufficient evidence to me in cases where those asking favors of the military authorities brought his recommendations.

Mr. Fort's mills were the only mills in his section of the country which were allowed to run, the other mills being owned and controlled by persons in sympathy with the confederacy.

The loyalty of Mr. Fort I never heard questioned. He was known as a Union man who sympathized with the cause of the republic, and his acts hereinbefore recited are sterling proofs of his devotion and fidelity to the right.

Further this deponent saith not.

ROBT. B. MITCHELL.

Sworn and subscribed to before me this 4th day of May, A. D. 1874.

THOS. J. MYERS,
Notary Public.

Affidavit of Robert B. Mitchell.

I am forty-four years of age; reside at Paola, Kansas, and am a lawyer by occupation. In regard to the time I was appointed to the command at Nashville, I desire to state that I cannot swear to the exact date. After being wounded at the battle of Perryville I was sent off on "sick-leave," and returned, I think, the last part of November, but I cannot remember just the date. The records of my command would show the exact date. Those records ought to be in the War Department. I turned them over to Gen. Robert S. Granger, my successor. While I was sick in bed for three weeks, nearly, Gen. James D. Morgan commanded, but he did not succeed me, or relieve me of the command. I fix the time when Fort came to me as being in December, from the fact that we were in a strait from the loss of vessels on Harpeth Shoals loaded with provisions, and I was directed to supply the command from the country. That is the only means I have of saying it was in December. I cannot fix the dates. I want to state that I don't pretend to fix dates without going to the record. It was in December, I remember. My recollection now is—I had not been long in command—only two, three, or possibly four weeks, when this thing occurred; but I could not give the date to you of the destruction of those vessels, but it was inside of a month after I assumed command. I was introduced to Mr. Fort by a man named Reynolds, who was engaged in the freight department of the post. I cannot say how many trains went out as a matter of fact. I sent out trains every day until we felt a dead certainty of getting the flour. I remember we did not get as much flour as he told me he had. My recollection is that he said he had from 3,000 to 3,200 barrels of flour. We sent out for forage and provisions in every direction from the city of Nashville. We sent out to Sugg Fort's place, knowing we could be supplied, from the information we had. I cannot state that we got a single barrel of flour from his mills, only from report. I never went there myself personally. None of the officers had anything to do with the sending out of these trains to Sugg Fort's mills except myself and the officers in charge. I made the detail from the different regiments, and tried to make the work as equal on the regiments as I could. Upon their return from the mills these officers reported to me in person. I will not say that I sent out all the trains that brought in flour from Sugg Fort's mills. There may have been others sent out by General Morgan; some of them may have been sent out during the time Morgan was in command, but with the exception of that time I sent them out personally. I was the commanding officer there except during the time I was sick, from November, 1862, until June, 1863. I do not remember the day I was relieved. Everything that was received in the way of supplies was reported to the chief post commissary, Captain Little. The issuing post commissary was Captain Henderson, and Little was the receiving commissary. I remember very distinctly directing the first trains that came from these mills to report to Henderson for the post service, and I remember, too, of his coming in and telling me that he did not want to open any new accounts; that he was drawing all his provisions from Captain Little, and would prefer to have the train unload at Little's, and make him responsible, and he would draw from him. I am speaking of Henderson now. When I last heard of Henderson he was in New York City. He was what they call a fancy-goods merchant there, on Broadway, almost opposite the St. Nicholas Hotel. I know that a portion of this flour was used by the troops at Nashville, for the reason that I know, generally, that we had to have supplies. No, it was

not all used there. Some of it, undoubtedly, went to the front, because we were scarce in all the departments—in the field and on the boats. I have not any personal knowledge that this flour was used by the troops. I know it was used by the Army, besides a great deal more flour that we pressed in the city. I could not give the names of parties of whom we pressed flour, but I remember having it reported to me by Mr. Osgood that there was a lot of flour seized in a warehouse that was supposed to belong to a rebel, and for which there was no account made. I remember the date of Fort's coming to me, and the fact of the scarcity of supplies, because I know we were dependent almost entirely on the railroad from Louisville and the river. I remember distinctly the destruction of seven transports laden with provisions that we were expecting to use for the advance column advancing on Murfreesborough. I was charged with the duty of supplying that whole army, by General Rosecrans. There was almost hourly telegraphic reports from my office to General Rosecrans, and the telegraphic record would show my report of the destruction of these transports. I went down myself, with five regiments of infantry, to drive the rebels away. We were paying \$12 a barrel for flour in Nashville at that time; that is, we were offering \$12, and buying from every loyal citizen, and pressing it from the disloyal, though generally giving them vouchers "to be paid on proof of loyalty." The quantity was reported to me on the arrival of each train. The officer in charge always halted his command in front of my quarters, and reported what he had done, and got instructions where to turn over the property. It was my custom universally to have those reports made to me personally. My recollection is that Captain Brearly made such reports to me. His regiment was on foraging duty almost all the time. I would not say that he did make such a report, but I remember his making a report to me of a fight he had, and of our getting some five or six thousand dollars' worth of bacon about the same time. I remember Captain Purdy commanded a battalion there, and one or more of the companies of his battalion were sent out with almost every train when they were foraging generally. I think I can state positively that Captain Purdy made a report once or more from Sugg Fort's mill. The trains reported to me on their arrival what they had procured, and I suppose from where they obtained it, but I could not pretend to say now. I remember of reports from Fort's mills, but I do not mean to say that they were the only foraging escorts which reported to me on their arrival; they always did. My recollection is that the lieutenant-colonel of the Eighty-sixth Illinois Infantry (whose name I cannot recall) also reported to me from Fort's mills. Fort also gave information to me, at the same time, which led to the seizure of a large quantity of bacon belonging to a notorious rebel. I forget his name. The supposition was that it was concentrated there for the purpose of sending it through our lines to the rebel army. That is what Fort said. I don't think Fort told me how he got the information. I suppose he was in the neighborhood. This bacon was within four or five miles of Fort's mills, as I understood it. That is all I know about it. The information I received from Fort during the time this flour was being taken was with regard to the bands of guerrillas that were infesting the country. He acted at one time as a guide to a locality where they were supposed to be—this Dick McCann guerrilla party that I afterward captured. I regarded Fort as a loyal man from general report and from his actions. I heard that he was loyal from John Hugh Smith, mayor of Nashville at the time, and from a man who was book-keeper in Bell's hardware establishment. He was a Scotchman, and one of my special advisers there

with regard to the character of men. His office was almost opposite my headquarters, and he was in to see me every day and every night. As far as the military were concerned, Fort's was the only mill that had a passport to grind flour. Others may have ground, but he was the only man who had a permit in that vicinity. I am quite certain of that. I don't know Judge Watson, and never heard of his having a permit to run a mill. I know Fort took his permit from my headquarters to General Gordon Granger's headquarters, and had it approved. General Granger was my superior officer for a while in command of that district with headquarters at Nashville, during the latter part of the winter of 1862-'3. I never heard Fort's loyalty questioned. I took the precaution to ascertain, from men I had confidence in, who were and who were not loyal, there. This Mr. Smith, the mayor of Nashville, this book-keeper of Bell's, a man named Smiley, who was a lawyer there, (and I think he is there yet,) and old man Bell, were my advisers, and I frequently went to Governor Johnson (since President Johnson) for information. In regard to Fort's loyalty, my remarks only relate to the time that the Union forces occupied that part of the country. The reports made to me by the officers upon the arrival of their trains were merely verbal. If they were commissary stores I would say, "Take them to Little;" and if quartermaster's stores, to Garrett or some other quartermaster there. Those stores ought to be taken up on somebody's returns. I do not know they were not. I do not know any reason why they should not have been. Everything that I took in the field always appeared on the books of my quartermaster. I do not know whether Captain Little is dead or not. I was informed that he became crazy, and had gone to Europe. I do not recollect his clerks' names. Irwin was the quartermaster of land-transportation. I do not suppose he would know where they loaded the trains, but he furnished the trains. I think Fort might have taken receipts for his flour without being found out by his rebel neighbors. I insisted on that course, but he said if it was known that he had sold, or made arrangements to sell, the flour, that his mill would not last a day. So he refused any voucher whatever. He said, if the Government succeeded, he was satisfied they would pay him, and if they did not succeed he never expected any pay. I believe I suggested to him at the time that he could leave them with some one in Nashville. My recollection is that the first time Fort came to see me it was pretty early in the morning. I could not give him a definite answer whether I could send a train with him until I saw Irwin. I sent for Irwin and ascertained that I could, and he came back some time before noon to receive my answer. In the mean time, however, I had sent for this book-keeper of Bell's to ascertain what he knew about his loyalty. Mr. Reynolds was with him the first time and introduced him; he was not with him when he came back the second time. Mr. Reynolds introduced him as a loyal citizen, and this book-keeper told me he knew him perfectly well and that he and his people were loyal. The first letter I had about this claim was from Mr. Sowers, in 1870, stating that he wanted my testimony. I replied that I would see him when I came here, and any information I could give him I would be glad to do; that I remembered something about it. At that time I was trying cases before the Mexican commission here. I did see Mr. Sowers, but for some reason he did not take my testimony then. My recollection now is that they said they had a case pending in the Quartermaster's Department, and they thought it was best not to have both cases pending at one time in the Department. Fort wrote me when I was at home, in 1870 or 1871, and again in 1872; I never replied to those letters. Finally I got a letter

when I was sick in bed a year ago, and had my wife reply that I would be in Washington, and anything I could do for him, from my recollection, I would do. I don't know whether I have those letters or not. I first met Fort here personally in 1872, in front of Willard's Hotel, and I met him again, the second time, last spring. I have never held any relation to him and his claim other than that of a witness; never as counsel. I never have had anything to do with it but to testify. He simply paid my expenses while I staid here as a witness. I never wrote an affidavit in the case, or performed any duty as attorney. He consulted me very frequently and I gave him advice, and he paid my expenses while I was here for over two months. There was no contract about it at all, and I never asked him for a cent in the world. I was detained here for the purpose of talking to a member of the committee. After my affidavit was filed the member of the committee asked to have a private interview with me, and kept me here for some time. Then I was here on some other business; I was trying cases in the Mexican Commission. I never acted for him except in a friendly way, and what he paid me was entirely voluntary on his part, and I would not have felt sore if he had not paid me a cent. I did borrow \$50 to be used in aid of the claim when Fort was on a sick-bed and unable to be up. I cannot state how much I raised altogether from Fort. I think I received \$480 from him at one time; I am not positive as to the amount. I cannot fix the time when Fort first came to see me at Nashville. I certainly was in command before December. My order, assuming command, was published in the papers. I remember there were 2,700 or 2,800 barrels of flour taken, from general recollection and from reports, from the amount of property taken, and the great necessity for flour, and my report to General Rosecrans. I reported to him everything that came by telegraph. I cannot tell you how I remember that definitely. The way I probably got the idea is by being told and having the matter talked over. If Little was alive he could tell to a barrel. I do not know how far it is from Nashville or Edgefield to the mill. I don't know about the roads on that side of the river. A dirt-road in Tennessee would be very bad in a wet time. The bottom drops out of the road easier than in any place I was ever in. It is good in a dry time. They used to make, with forage-trains, about twenty-five miles a day. We never allowed trains to go off a walk unless pressed by the enemy. I call a day, say from 8 or 9 o'clock until dark. On an ordinary march on an ordinary road we used to require trains to make twenty-five miles a day. They ought to halt for water two or three times a day, and I never permitted feeding but twice a day. The soldiers always rode when the trains were empty. I think it would be extraordinary for such a train to make thirty miles between 11 o'clock in the morning and dark. Twenty-five miles a day would be about the limit. I met Fort accidentally in front of Willard's Hotel. I knew him and he knew me. We shook hands. I remembered his face pretty well. He asked if I had received a letter from him, and I said I had. He did not then begin to talk about his claim. When he did begin to talk about it, my recollection was as clear as ever about taking the flour. I did not refresh my memory by reference to documents at all, and he did not refresh my memory by asking me if I did not remember such and such a thing. It was not a made-up thing with me at all. Fort told me the flour was the production of two mills, and that a portion of the flour was in a tobacco-house. He said he had a warehouse filled with flour at one of his mills, and also a tobacco-house or tobacco-shed filled with flour. I thought it must be a pretty heavy manu-

facturing-house to have 3,000 barrels. The reason his flour was allowed to remain at the mills so long after we began taking it was that we were foraging off places where we felt more doubtful about being able to secure supplies in the future. Wherever we heard of flour or forage of any kind in a locality where it could be run out of the country, that was the first place we went to. I foraged on every road leading from Nashville. My instructions were to leave just enough for families to live on, and no more. Occasionally we got a supply of flour over the railroad, but the road was cut every once in a while, and we could not depend on that. The flour at Fort's mills was in no particular danger except from guerrillas. It was reported to me that they were taking flour every day or two on their horses, between my command and the army in front. Other places were regarded as a great deal more dangerous than Fort's, because he was on the other side of the river, and we knew no large train could go there and load the flour. Fort represented to me that it was being taken by these guerrillas in small parcels, here a sack and there a sack. We generally had full rations during those six months, but occasionally we were on half-rations. At Chickamauga, for days, we had not quarter-rations. The forage trains usually went out thirty or forty miles in every direction. I have heard of White's Creek. We did some foraging there. I was not with the trains. Whenever we heard of forage or provisions of any kind we sent to that point, and they would probably go into half a dozen neighborhoods and fill up the train. I do not remember how large any of the trains I sent out were. They were usually from fifteen to twenty-five wagons. I do not remember anything especially about these trains going to Fort's, only generally from the reports they made when they came in. I did not draw up my former affidavit. I read it and signed it as a statement of the general facts. I may have got the number of barrels from Henderson or Little, but the general impression was that we did not get as much flour as he had reported. He reported over 3,000. How I know it I could not tell you. The general impression on my mind was that we did not get, by three or four hundred barrels, as much as he had reported. I cannot be specific as to the dates or the amount of flour. All I can give is my general impression. But the fact of his coming there and reporting that, I am positive of, and also about my sending out the trains. I remember that that flour was received there from Fort, and I also remember that a man named Cheatham came in and made a great fuss about my taking corn and animals from him.

Since the foregoing part of the statement was made, I have satisfied myself that it was on the 10th of December, 1862, that I assumed command at Nashville.

ROBT. B. MITCHELL.

Subscribed and sworn to before me this 30th day of November, 1874.

CHAS. F. BENJAMIN,

Investigating Agent, Treasury Department.

WILEY EDWARDS, being next called, deposes and says:

By the commissioner:

Question. What is your name, age, and where do you reside, and are you in any way related to the claimant, or have you any interest, either direct or indirect, in the claim in controversy?—Answer. My name is Wiley Edwards. I am 30 years old. I live at Adams Station, Robertson County, Tennessee. I am in no way related to the claimant. I was

born and raised in Robertson County, Tennessee, about three miles from where Sugg Fort resides, and have known Sugg Fort all of my life. I have no interest, either direct or indirect, in the claim in controversy. Mr. Fort is not indebted to me in any sum.

By the claimant :

Q. Were you ever employed by Sugg Fort? If so, when, and for what purpose, and how long were you in his employ?—A. I was employed by him in 1859, and remained in his employ until the 11th day of October, 1872, as one of his millers in his flouring-mills in Robertson County, Tennessee.

Q. Did you ever know Government wagons to haul off flour from said mills? If so, when was it?—A. I have known Government wagons to haul off flour from the mills. In the winter of 1862-'3, from the 6th December, 1862, until May 3, 1863.

Q. How do you know they were Government wagons, and did you have anything to do with the loading of the flour on the wagons?—A. I knew Government wagons when I saw them, and they always came with an escort of Federal soldiers. I delivered the flour to the wagons, and superintended the loading of the wagons. I was at the mill every time the wagons came.

Q. Did you keep any account of the amount of flour hauled off by Government wagons? If you did, state the amount.—A. I kept an accurate account of all flour delivered from the mills to Government wagons, and reported the same to Mr. Fort. They hauled off two thousand seven hundred and ninety-one (2,791) barrels of flour. I have within the past few days examined the book kept by me while said flour was being delivered, which book is in my own handwriting, and find that 2,791 barrels was the correct amount.

Q. How many hands were employed in the mills, and how much grain could be ground by the mills per day?—A. There were two other millers besides myself, William Johnson and John Pride; there were also two other hands, Albert Metcalf and Henry Waters, employed in the mills; the mills were frequently run day and night; we put up from seventy-five to eighty barrels of flour per day, besides doing a large custom business. The full capacity of the mills was about one hundred and ten barrels per day.

Q. Did you ever deliver any flour to any confederate command, or to anybody for them, or did you ever know of any flour being delivered to any confederate by anybody from the mills?—A. I was miller at the mills from 1859 to the end of the war, and afterward, and I never at any time delivered any flour to any confederate or confederate command, and never knew of anybody else delivering any to any confederate or confederate command.

Q. Have you a family? If so, where do they reside?—A. I have a wife and two children, and they reside with me at Adams Station, Robertson County, Tennessee.

And further deponent saith not.

WILEY EDWARDS.

Sworn to and subscribed before me January 10, 1874.

J. W. CAMPBELL,
U. S. Commissioner.

WILEY EDWARDS, having been by me first duly sworn, deposes and says :

My name is Wiley Edwards. Aged nearly twenty-nine years of age.

Reside at Adams Station, Robertson County, Tenn., and by occupation a carpenter.

I was a witness in behalf of Mr. Sugg Fort, in respect to his flour-claim before United States Commissioner Campbell, at the house of Mr. Fort. I was coming up on the train from Adams to Fort's Station, and at the latter place was introduced by Mr. Fort to Commissioner Campbell. Mr. Fort told me that Mr. Campbell wished to see me at Mr. Fort's house. At the house Mr. Fort told me in presence of Commissioner Campbell that he wished me to testify in respect to his flour-claim. Neither at that time nor previously did Mr. Fort make any suggestion to me as to what I was to testify to; nor during the progress of my testimony did he make any suggestion or refresh my memory. He showed me a little memorandum-book and asked me if I recognized my handwriting, which I did, and it was from that book that I was enabled to testify to the quantity of flour taken from the mill by Federal authority. I have never seen that little book since. Do not know where it is.

[Mr. Fort states that the book is filed in the Third Auditor's Office, at Washington, D. C., with the papers in his case, he having given the same to the Commissary-General.]

I was never promised anything for my services or testimony by Mr. Fort or anybody, and have never received anything, nor do I expect anything, nor would I receive anything. Have never heard till this moment that the claim was to be investigated, and no suggestion has been made to me by any person as to what I should say if called upon. I never knew that the Federals took the flour from Mr. Fort's mill by any arrangement with General Mitchell or anybody else.

Without reference to the memorandum-book or trusting to my memory, I will state that Mr. Fort had about one thousand barrels of flour—he might have had more, but certainly did not have less—when the Federals first came. We continued working the mill between the time the Federals first came and the time they last came.

Independent of the memorandum-book, I guess that there was between twenty-seven hundred barrels of flour and three thousand barrels taken. I estimate it by the capacity of the mill, which was from 80 to 125 barrels of flour, according to whether the weather was wet or dry. Except Sunday, the mill was run every day and occasionally at night. The day-capacity of the mill was from 65 to 70 barrels per day. We began to grind the wheat-crop of 1862 in the latter part of September or early in October. There was about five hundred bushels of wheat of last year's crop when we commenced grinding, and at least fifty barrels of flour of last year's crop on hand. Wheat was scarce in this community, but in the adjoining neighborhood it was a plentiful crop. Never kept a memorandum-book of receipts of wheat. In the summer and fall of 1862, Mr. Fort bought wheat from the following farmers: Wiley Former, J. H. Former, J. C. Dunn, Lawson Fort, Ilai Fort, all in this immediate neighborhood.

The next largest crop was that of John McCorn, in Montgomery County, about six miles from here. Don't know the names of any persons or firms, dealers or shippers in Nashville, Clarksville, or elsewhere, to whom Mr. Fort sold or shipped his flour, either before the Federals came or afterward; it was not in the line of my business to know that. Don't know that anybody else except Mr. Fort would know it. The Government trains came, I think at least ten times, but not as many as twenty times. Can't tell how many wagons came each time. During the summer, fall, and winter of 1862-'63, no confederate soldiers came to

the mill except once or twice, when they took about fifty pounds of flour and three pecks of meal. No threats were made to my knowledge, by rebel troops or sympathizers, to burn or destroy Sugg Fort's building. Mr. Fort had the reputation of being a Union man.

Mr. Fort's reputation for honesty, integrity, and truth is as good as that of any man in the county, I having been born and raised within a mile and a half of Mr. Fort.

W. EDWARDS.

Subscribed and sworn to before me at Fort's Station, Robertson County, Tenn., this the 26th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

WILEY EDWARDS, having been the second time by me first duly sworn, deposes and says:

My age is twenty-nine years next January. I know it because a brother of mine who says that he is three years older than me, and that he is thirty-two years of age now, judging from what he told me five or six years ago. My sister, Mrs. Robert Sorey, says that my brother is three years older than he represents, which would make me three years older, if true, than I suppose myself to be. Henry Waters was mistaken in saying that I was a grown man in 1857, with whiskers. I was nearly as large as I am now, but I had no whiskers.

The business books of the mill were kept by Sugg Fort. I don't know that Pride or Johnson ever wrote in the books, and I never did. I saw the books frequently in the desk in the office of the mill. I think they were usually kept at the house; have seen Mr. Fort take the books under his arm to the house. A short time before the mill burned down I probably saw the books—don't know that I did—at the mill. Have never seen the books since the mill was burned, and don't know that one of them is in existence to-day. Am sure that I saw the little memorandum-book when I was before Commissioner Campbell less than a year ago. During the war Mr. Fort was not constantly at the mill. During 1862 and 1863, Mr. Fort's absence for two days would not have surprised me, as he was frequently gone that long. During his absence Mr. Johnson was in charge. I don't know that he went to Nashville just before the soldiers came and took the flour. He usually went away on the train, but he might have gone on horseback or foot. I never heard of Mr. Fort's going to Nashville on horseback, except long before the soldiers took the flour. Never heard that he went to Nashville on horseback, but that once, from that time till the present. If I had heard that Sugg Fort had ridden to Nashville on horseback, should have doubted it unless he told me so, or had told some reliable person so. The road was not considered safe by reason of guerrillas. Mr. Fort was considered a Union man, and the road to Nashville by horseback would not be as safe for him as for a rebel. The trains were sometimes fired into between here and Nashville. I should consider a journey either way risky. The soldiers came as many as ten times for the flour, but not as many as twenty times. During the time the soldiers were taking the flour we were running the mill as usual, making meal sometimes, but generally flour. During this time our merchant-work was greater than our custom-work. I have no doubt in my mind that the Federals got more flour than any one else. During that time Mr. Fort had money to pay his hands promptly; don't know whether he got any money from

the Government or not. Can't tell how many empty barrels were usually kept on hand—don't know whether it was below or above one hundred ; it was nearer one hundred than one thousand. We used to get barrels from Clynard, of Springfield, and from Maze.

I remember faintly that there was a meeting of rebels at Adams Station during the war, at which it was threatened that Mr. Sugg Fort should be hung. The meeting was called to decide about taking action about a Union man by the name of Ogg. Until I gave my testimony before Commissioner Campbell I never knew Mr. Fort had presented a claim for flour taken by the Government. Never heard anybody talk about his having made such a claim. If there had been talk in the neighborhood my opportunity was as good as that of any ordinary man for hearing it. I live in a different direction from the mill to Henry Waters. He lives on Mr. Fort's place and I live across the river. Have heard Billy Fort and Mr. Johnson, the former miller, and Mr. Ayres express opinions as to how the mill was burned, and also Sugg Fort. The opinion they had was that the mill was burned through malice. I have heard since the mill was burned that it was insured, and again that it was not. Don't know anything about it.

The buildings containing flour when the Federals came were, 1st, the mill ; 2d, the barn, five or six hundred yards southwest of the mill ; 3d, the granary, I think, which stood between the mill and the barn—was nearest the mill. There might also have been flour in the stone house, about two hundred and fifty yards from the mill toward the granary. There were no other buildings occupied with flour. I never heard of a log house being occupied by flour. When the Federals got through taking flour I don't think there was as much grain and flour left on the place as when they first came, but I cannot give the proportions. During the time the Federals were taking the flour, don't think we were grinding quite as much as usual. After the Federals occupied this country, the railroad was in operation most of the time, except when bridges and trestles were burned. I think once the road was not running for as long as three months, which was just after the fall of Fort Donelson and before the flour was taken. I remember that when the soldiers came there were officers along—one called captain, another lieutenant, and another sergeant.

W. EDWARDS.

Subscribed and sworn to before me, near Fort's Station, Robertson County, Tenn., this the 27th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

JOHN E. PRIDE, having been by me first duly sworn, deposes and says, his name is John E. Pride. I am forty-two years of age. I reside near Adams Station, Robertson County, Tennessee. I am a carpenter, which occupation I have followed since 1866 ; before that I was miller.

I was employed at Sugg Fort's mill between the fall of 1862 and the summer of 1863 ; I was the miller attending to the grinding and the running of the machinery of the mill. During all this period of time the mill was in running order. During all this period of time the mill was run with a double set of hands. I, with a set of hands, would commence at 12 m. at night, run until 12 m. next day, when Johnson, with his set hands, would go on. We did not run at all on Sundays. Between the wheat-harvest of 1862 and the end of November of the same

year we put up between seventy-five and one hundred barrels per day. When we had much custom we would put up between seventy-five and eighty-five barrels per day, and when we had no custom-trade we would put up one hundred barrels per day. But we mostly put up only seventy-five or eighty-five per day, the custom-work keeping us down to that. I can only tell in this way how many we put up, since I did not keep an account of the number. The harvest season began in the latter portion of August; I do not know how many barrels were made in this time. The flour made in this time, some of it, was carried away on the railroad until the village was destroyed. I do not know where it was shipped to. I do not know what became of it, whether it went to Nashville, Memphis, or where. I do not know how much, but a heap of it was so shipped. I did not pay any attention to it; there might have been two thousand and there might have been five thousand barrels or more; I do not know how much. The balance was stored in the store-house, also in a log-house. I think that there was also some in the tobacco-barn, but I can't say whether or not there was any in the granary, also some in a warehouse adjoining the mill. The flour shipped was taken direct from the mill. I do not know who bought the flour shipped. The flour shipped was carried to the cars mostly in the wagons of Mr. Sugg Fort. He had three or four of them running. I think his were the only wagons that hauled the flour, since he had a sufficient number of them to carry it to the cars. I don't know that he hauled off any to Clarksville or other points in wagons during this time. From the harvest of 1862 until the summer of 1863, Sugg Fort was shipping flour on the railroad until the bridge on the road at Red River and tressle at Spring Creek were destroyed. A large quantity was shipped, a car-load a day, being about seventy-five or eighty-five a day. It might have been five or six months or two or three months during which this flour was shipped. I don't know where it went to or to whom it went. I have no idea whatever when the cars stopped running. I don't know whether or not any was hauled off in wagons. I don't know from whom or where claimant got his wheat in fall of 1862. F. C. Plaster, of Keysburgh, Ky., and C. M. Warfield purchased it for him. I do not know how much it was, but it was a large quantity. It might have been twenty and it might have been fifty thousand bushels or more. I do not now recollect any person from Nashville or anywhere buying or hauling flour from Mr. Fort's mill between the harvest season of 1862 and the summer of 1863, except customers who would buy a sack-full at a time, nor do I remember a man named Ward doing so; I do not recollect a man named Ward doing so; I never heard of any arrangement made between Sugg Fort and General Mitchell or any other United States officer by which Mr. Fort's flour was to be taken for the use of the United States; nor did I ever hear Johnson say anything about such an arrangement; I knew that just before Christmas, 1862, some United States Government wagons came to Sugg Fort's mill and continued to come during the winter and spring of 1863, but for how long I do not recollect; I don't think that they came once a week, but they came more than once a month. They came quite a number of times; I cannot say anything as to the times; I think that about the same number came each time and that about fifteen or twenty was the number; I think that each wagon each time took eight or twelve barrels. They might have carried off between two and three thousand barrels, but I do not know that they did; I do not now recollect anything that was said at

any time by any officer; I never talked with any of them; I do not recollect seeing or hearing them talk with any one; I do not recollect ever assisting or having anything whatever to do with the loading at any time; I do not know that any account was ever kept of the number of barrels taken; if there was I never knew anything about it. I never kept any such account. I never saw any one keeping such an account. I was about, in the mill-house, and if any one had kept such an account I would have been apt to have known it. I never saw Wiley Edwards keeping such an account, nor have I ever at any time seen or heard of any such an account or memorandum being kept at the time. I was at the mill when the Government wagons first came; also were some of the mill-hands, but I cannot now remember a single one that I am sure was present. I do not recollect whether or not Sugg Fort was present, nor do I recollect whether or not any one was present except the hands. I do not remember what was said by any one at the time, but suppose something was said. I do not know what road they came by or whether they came from Nashville or not. I do not know whether they came always in the same direction or not. Once I saw them on the other side of the river, and to have come this road from Nashville or Springfield, they must have come either the Springfield or the Washington roads. B. B. Batts, James Dunn, Wiley Farmer, the widow Lawrence, and widow Barnes were all then living on the Springfield road. George Washington is the only person that I knew then living on the Washington road. The principal roads from the mill to Springfield are the Port Royal and Springfield, and the Springfield and the Hopkinsville road, but this road itself does not lead direct to the mill, but runs into the Springfield road. The roads leading from the mill, but not going through Springfield, are the Washington road and the Nashville and Port Royal road. The Washington road is the nearest way, and I would have taken it had I been going to Nashville, but I never traveled it and knew nothing as to its condition. This would probably have taken the road if it was in as good condition as the others, but I knew nothing as to the condition of any of them then. If one road was as good as another, I think that the trains would have come the Washington road, since it is the nearest way. I do not know where Paradise Hill is, or anything about that road. The principal roads from Nashville to the mill, and on which I suppose the trains would have come, are the Washington road, the Springfield road, and the Nashville and Port Royal road. I never traveled the Washington road except for about eight miles, and do not know the principal places it passes through. Upon the Springfield road there is no principal place or any marked place through which it passes to Springfield, but it passes about one-quarter of a mile north of Cedar Hill. I know nothing of it beyond Springfield toward Nashville. The principal places on the Nashville and Port Royal road are Port Royal, Turnersville, and Cooperstown. I know nothing of it beyond Cooperstown.

No vouchers or receipts were given for the flour taken that I know of, or asked for. None were offered and refused because payable upon proof of loyalty that I know of. I cannot now remember whether or not any flour was sent or carried away from the mill by Sugg Fort or any one else, between the time when the wagons began to come and when they left off coming. Mr. Fort's mill was running all the time from the fall of 1862 until the summer of 1863; some time, but I do not recollect exactly when, it stopped. All the flour made in this time, except custom-trade, was shipped on the railroad, until the railroad stopped running,

but when this was I do not know. I do not know whether this happened in the spring, summer, fall, or when. I do not know where or to whom this flour was shipped. The flour was not stored away, and did not begin to accumulate until the railroad stopped running. It is not a mistake to say that he stopped sending away and selling flour and allowed it to accumulate. If any was sent away, I know nothing about it. But whether or not it accumulated to the extent of 3,000 barrels I cannot say. I know that Sugg Fort sold off some of his mules. I think that it was after the railroad stopped running. I do not know how many he sold or why. I never asked him why, but suppose that he had no use for them since the railroad had stopped running, and he had no hauling to do. I do not know whether they were sold at private sale or not. If they were sold at auction I know nothing about it. I do not know who bought them, nor do I know where they were sold. I do not know how many he had, but think some fifteen or twenty. I think that he had three or four wagons, and that all were four-horse teams except one. He used some of them on his farm, and some in hauling flour to the depot. In the fall of 1862, I would say that Sugg Fort was doing a pretty large business, since he was then putting up seventy-five barrels a day besides the custom work. I do not know whether or not Colonel E. A. Fort had any interest in the mill in the fall of 1862; he was then and afterward around about the mill, but I do not know of his giving any instructions or orders about it. I suppose that Sugg Fort had the means to carry on so large a business as would allow him to make and hold 3,000 barrels of flour, since I always heard that he could carry on as large a business as he desired to. All I know about Sugg Fort's having a large quantity of wheat taken from him in West Tennessee is what I heard him say himself. I think that this loss did not so cripple him as to make it impossible to do a large flouring business, since I think that he had such large means as would enable him, even after this, to carry on as large a business as he desired. I have heard of Sugg Fort's claim for flour for about a year, nearly. I remember that the first time I heard of it was when Mr. Fort was in Washington, when some one asked why he had gone there, when it was stated that he had gone there to see about a claim he had against the Government for flour taken. I do not remember who the person was, but I think that it was Washington Fort. I was never asked to testify in this claim. I never heard or knew anything of Wiley Edwards, Albert Metcalf, and Henry Waters testifying last January. I never heard or knew anything about such a man as Campbell taking any testimony at Sugg Fort's, and of course was not present then. I never until now knew that United States Commissioner Campbell had been out to Mr. Fort's house. I do not remember where I was in January last. I was at home if not off on a job. I do not know why I was not asked to testify then. About all I have heard of an investigation is that I heard that about two or three weeks ago some men from Washington City were in Robertson County taking some depositions in Mr. Sugg Fort's claim. No one has suggested to me that I might be called upon to testify in the matter. I have at no time been told what I should or should not say in the matter. I have never received or been promised anything, directly or indirectly, by any one, for helping this claim before it was paid, or for assisting claimant in the investigation now under way. I believe that Mr. Sugg Fort had flour taken from him by the United States Government, but I do not know how much was taken, and I believe the claim just for the amount taken, and I do not believe that Mr. Fort would prosecute an un-

just claim. I suppose that a man who assists another in prosecuting a fraudulent claim commits as great an offense as the principal.

JOHN E. PRIDE.

Subscribed and sworn to at Fort's Station, Robertson County, Tenn.,
November 17, 1874.

[SEAL.]

JAMES TRIMBLE,
*United States Circuit Court Commissioner,
Middle District of Tennessee.*

ADAMS STATION, TENN., *November 30, 1874.*

Mr. BENJAMIN: I got your letter a day or two ago, and say: Some three or four years ago—don't know positively, probably longer—Mr. Sugg Fort showed me an account he made out against the Government for his flour they took from him, and asked me if I will sign and swear to this, I told him I would, and did so, because I was his miller when the flour was taken and know they got the flour, but not the exactly number of barrels; but believe they got the amount in the account he showed me. Mr. Johnston signed the paper before I done it, and we both were there and seen the flour taken, and that is the reason I signed it, and I know it right. When I said I heard of it while he was in Washington, I meant that the first time I remember hearing of him trying to get the money—I mean when Mr. Trimble was there—that the first time I was ever asked any questions since I first signed the account, Mr. Fort asked me if I was willing to swear to, and told Mr. Trimble so, but he said he knew I signed and swore to the account, but he just wanted to know if this was the only time I been questioned about it. I don't know nothing else about it. Mr. Fort's mill was on the north side of the river; I don't know where the Washington road begins or stops; I know there is a road between the mill and Nashville called Washington road, and told Mr. Trimble. I did never go on that road further than Mr. Washington's. Always understood it is the nearest to Nashville. Don't know nothing about Paradise Hill.

Respectfully,

J. E. PRIDE.

[Indorsement.]

Respectfully referred to James Trimble, esq., United States commissioner, who took the deposition of the writer of this letter in the matter of the investigation into the claim of Sugg Fort, of Tennessee, for his information and remarks. The principal part of the letter is an explanation of why the witness testified last month that he had heard of the claim for about a year, and that he first heard of it when the claimant was in Washington; when the fact was that four years ago the witness signed and swore to the claim, as it was made out upon a blank form under the act of July 4, 1864.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

DECEMBER 5, 1874.

NASHVILLE, TENN., *December 8, 1874.*

CHARLES F. BENJAMIN,
Washington, D. C.:

Inclosed please find my answer or explanation written on inclosed paper. It may be well to state that Pride often placed himself behind

the answer "I do not know," and that it was difficult to get him to answer further. It may be well also to state to you in regard to letter of Pride, upon seeing the date of your letter, the 22d, it recalled a fact that was accidentally brought to my notice. On the 25th, when making inquiry at noon on that day about the burning of the bridge over Red River, some one referred me to Sugg Fort for information, and at the same time remarked that I would find him at the depot, as he was going to Robertson County that day. You can draw your own inference, yet I do not know that he did go, since I gave the matter no thought until now upon reading Pride's statement.

JAMES TRIMBLE.

Mr. J. E. Pride is about correct. I remember that during the examination Pride did state that he remembered going with Mr. Sugg Fort some three or four years ago before a magistrate (whose name he called but now not remembered by me,) and swearing to a paper of some kind for Sugg Fort. But my recollection now is that Mr. Pride's remembrance of what that paper and its contents were, was very indefinite and vague, and the cause of the same given by him was because of the length of time intervening. My recollection is that Mr. Pride could not state what that claim was for. Yet I knew that his answer, such as I could get from him, was irrelevant to the question, and I did not put it down for that reason; and I remember of so stating in effect to himself and Fort at the time. In short, Mr. Pride quite often placed himself behind the answer "I do not know."

JAMES TRIMBLE,

United States Commissioner, Nashville, Tenn.

NASHVILLE, TENN., *December 8, 1874.*

HENRY WATERS, being next called, deposes and says:

By the commissioner:

Question. What is your name, age, and where do you reside; and are you in any way related to the claimant, and have you any interest in the claim in controversy, either directly or indirectly?—Answer. My name is Henry Waters, and I am thirty-five years old. I live on the farm of Mr. Sugg Fort, in Robertson County, Tennessee, and I have no interest, either directly or indirectly, in the claim in controversy, and am not related to the claimant in any way.

By claimant:

Q. How long have you been living on Mr. Fort's place; and did you ever work in his mill? If so, how long?—A. I have been living on Mr. Fort's place ever since 1857. I have worked in the mill. I worked in the mill regularly from 1857 until the end of the war, and I have worked since then in the mill, off and on, until it was burned a year or two ago.

Q. Did you ever know Government wagons to haul off any flour from Mr. Fort's mill; if so, when?—A. I have known Government wagons to haul flour from the mill. They came first, a while before Christmas, 1862, and they quit hauling in the spring of 1863, in corn-planting time.

Q. How did you know they were Government wagons that hauled off the flour, and did you have anything to do with the loading of the flour on the wagons?—A. I knew Government wagons when I saw them. They came in trains and were guarded by soldiers. I was staying at the mill regularly at the time they hauled the flour, and was at the mill every time the wagons came, and helped load the flour on the wagons.

Q. Do you know how much flour was hauled from the mills by the Government wagons?—A. I did not take any account of the number of barrels they hauled, but they hauled a great deal; they put on thirteen or fourteen barrels of flour on each wagon. I do not know how many times the wagon-trains came, but they came a good many times.

Q. Have you a family; if so, where do they reside?—A. I have a wife and six children, and they reside on Mr. Sugg Fort's farm, in Robertson County, Tennessee. I have lived, with my family, on Mr. Fort's place ever since 1857. Before the war I belonged to W. W. Waters, and Mr. Fort owned my wife, and he hired me from the time I married, in 1857, until I was free, and I have been living with him ever since. And further the deponent saith not.

his
HENRY + WATERS.
mark.

Witness:

J. W. CAMPBELL.

Subscribed and sworn to before me January 10, 1874.

J. W. CAMPBELL,
United States Commissioner.

HENRY WATERS (colored) having been by me first duly sworn, deposes and says:

My name is Henry Waters; I am thirty-five or thirty-six years of age. I reside at Sugg Fort's, Fort's Station, Robertson County, Tenn. I am a farmer; I was a slave before the war and belonged to W. W. Waters, in Montgomery County. I first heard that Mr. Sugg Fort had a claim against the Government for flour a long time ago; it might have been a year and it might have been longer. I heard it first about the neighborhood, but do not remember any particular person speaking of it. I never spoke to any one about it at the time I heard of it. I did not hear for how much the claim was for, whether large or small. I was not surprised to hear that Sugg Fort had a claim, because during the war he was doing a big business shipping off flour. I do not know where he was shipping it to or to whom. At the time I heard about the claim I heard no one say whether or not it was a good claim. At that time nothing had been said to me by any one about being a witness for Mr. Sugg Fort. Before Mr. Fort went to Washington the last time, I testified at his house before a gentleman who came on the train. Nobody spoke to me concerning what I was to say before this gentleman, either before I saw him or while I was testifying. I never heard that you gentlemen were coming until you sent for me last evening; my wife told me when I got home from my brother-in-law's; nobody has spoken to me about the claim or what I was to say until I came before you this morning. I first went to Sugg Fort's in 1857, and have never been away from him since. I worked all the time in the mill until it was burned. From the time I went to him until the mill was burned, it was in constant operation. When I went to Mr. Fort the mill was doing mostly a merchant business, and it was doing mostly a merchant business when it was burned; and it was doing mostly a merchant business all the time between. The mill burned down some three or four years ago, to my best recollection, or it may be longer. It was before I heard Mr. Fort had a claim. I don't know how the mill was burned down; never heard any one say anything about it. Mr. Fort was not at home when it was burned. No fire was in the mill that day. Just before Christmas, the winter after the fall of Fort Donelson,

I saw Yankee soldiers come to the mill; they had a great many wagons with them; don't know how many came; they came in the morning. Besides myself, Metcalf, Johnson, and Edwards, I don't remember of any other persons being at the mill when the soldiers first came. They loaded up the wagons with flour and went off toward Nashville. They came a great many times after, and each time loaded up with and carried off flour. There was a great deal of flour when they first came, and I don't know how much was left when they went away. There was a great deal of wheat at the mill stored when they first came; we continued grinding after the soldiers came and after every time they came, and wheat kept coming in on the cars, but I don't know from which direction; we also got wheat from the neighborhood, both before and after the soldiers began coming. Mr. Fort did not stop getting wheat from the neighborhood or by the cars, or stop grinding and barreling flour, because the Yankee soldiers were carrying it off every week or two, from before Christmas until corn-planting time; from the time they came until they quit the Yankees got the most of the flour; from the time the Yankees commenced taking flour, we made it faster than they carried it off, but when they stopped coming we had less flour than when they began. The wheat began to get scarce just before they stopped hauling, and we were not able to make as much flour as at first, when they quit hauling; they did not leave half as much flour as when they commenced; it may have been a quarter as much, but I am not certain. The flour at the mill when the Yankees came would fill this room five or six times. [The room referred to by witness is about 18 feet square. J. T.] I have never received, directly or indirectly, any benefit from any person for testifying in behalf of Mr. Fort, and have never been promised anything, and don't know that anybody else has received anything. During the time the Yankees were taking the flour, Mr. Fort was sometimes present and sometimes not, and I never saw or heard anything to indicate that he objected to the flour being taken; I never heard a word of what the neighborhood thought of the taking of the flour, though I am sure that they must have known it. I don't know whether Mr. Sugg Fort was a Union man or rebel, nor what the people in the neighborhood or about the mill were. I never heard about the meeting at Adams Station or at anywhere else at which there was any talk about hanging Mr. Fort or any one else. Mr. Fort kept books at the mill; I used to see Mr. Johnson writing in them; I never noticed Mr. Edwards writing in them; the books were kept in the desk in the office of the mill down stairs. There was a right smart of books; I don't know how many; I don't know whether the books were in the mill or not when it was burned. I had not seen them for a long time, nor have I seen them since. While the Yankees were taking the flour, I never seen any one keeping an account of the number of barrels taken; some one might have been keeping an account without my seeing him. I have never seen or heard of any book that had an account in it of the number of barrels taken by the Yankees. I came to the mill before Wiley Edwards did; I knew him before I came to the mill. He was then a grown man and had whiskers. He was not married when I first knew him. He was then farming by himself, on a rented farm, and doing comfortably. I do not know what made him come to work in the mill. The railroad here did not stop running until after the fall of Fort Donelson, when it stopped running from the burning of the bridge between Adams and Fort's Stations. I don't remember whether it was before or after the Yankees took Mr. Fort's flour. Afterward the road stopped for a little while because the trestle

was washed away. At the time the Yankees first came we had flour in barrels in the mill, in the warehouse, the store-house, the tobacco-barn, the granary, and at an old log-house. When I testified about the quantity of flour when the Yankees first came I spoke only of the amount in the mill. After making an estimate, with the help of you gentlemen, I think that there was as much flour in all these buildings as would fill this room some thirty to forty times. [NOTE.—The room referred to would hold about two hundred and fifteen barrels. J. T.] None of the barrels stored in these buildings were empty. We did not keep many empty barrels at the mill, the average number being about one hundred, which were usually kept outside, since there was no room for them on the inside of the mill. We would use up the barrels we had on hand in two or two and a half days. I don't know how many barrels were in a car-load, but there were more than we usually had on hand. I don't know where the barrels came from; never heard of their coming from Springfield or Greenbrier, nor from any other place.

I have often heard both white and colored people speak of Mr. Sugg Fort, and have always heard him spoken of well, and would not believe anything I heard against him until I was satisfied that it was true. I have often employed hands for Sugg Fort, and never had any trouble in getting them, and have heard white gentlemen say they could not see why Sugg Fort could get hands when they could not. I have heard Mr. Joe Fuquia say so, and Squire Sadler. Just before the flour was taken by the United States soldiers I heard Mr. Sugg Fort say that he was going to Nashville, and he went away to get on the train to go, but I don't know whether he went or not. He was gone some two or three days. It may have been three or four weeks after his return before the soldiers took the flour. I do not recollect of Sugg Fort going away a few days just before the soldiers came. I have never heard from that time till now that he ever went to Nashville on horseback. If anybody else except Mr. Sugg Fort told me that Mr. Sugg Fort did go to Nashville then on horseback I would not believe him; but if Sugg Fort told me so I would believe him. I never noticed any man among the soldiers who took the flour who had on a sword, shoulder-straps, or heard any one called captain, lieutenant, or sergeant. Wiley Edwards was a mighty good character. I have heard persons speak well of him ever since I have known him. He professed religion two or three years ago, and has been a member of the church ever since. I don't believe that Wiley Edwards could be bought or frightened into telling an untruth when put upon his oath.

his
HENRY + WATERS.
mark.

Subscribed and sworn to before me, near Fort's Station, Robertson County, Tenn., this 27th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

STATES OF AMERICA,
Middle District of Tennessee, ss :

The depositions of Wiley Edwards, Henry Waters, and Albert Metcalfe, taken in the matter of the claim of Sugg Fort, of Robertson County, Tennessee, now pending before the Congress of the United

States. Said depositions being taken on the part of the claimant in Robertson County, Tennessee, on the 10th day of January, 1874.

The said witness, ALBERT METCALFE, being first called, deposes and says :

By the commissioner :

Question. What is your name, age, and where do you reside ; and are you in any way related to the claimant, or have you any interest in the claim in controversy ?—Answer. My name is Albert Metcalfe. I am thirty-four years of age. I reside on the farm of Sugg Fort in Robertson County, Tennessee, and have resided there since 1859. I am not in any way related to Sugg Fort, the claimant, and have no interest, either direct or indirect, in the claim in controversy.

By claimant :

Q. Did you ever work in the mill of Sugg Fort, in Robertson County, Tennessee ? If you did, state how long you worked there.—A. I have worked in Mr. Fort's mill. I worked there from 1859 until the mill burned down in 1872. I worked regularly in the mill from 1859 until 1866, and was working, off and on, at the mill from that time until it was burned.

Q. Did you ever know Government wagons to haul any flour off from the mill ?—A. I have ; they commenced hauling flour from the mill in the winter of 1862, and hauled, off and on, until the spring of 1863.

Q. How do you know that it was Government wagons that hauled the flour ; and did you have anything to do with loading the flour on the wagons ?—A. They were in trains, and soldiers with them. I helped load the flour in the wagons. I was working regularly in the mill at the time, and whenever the wagons came I was at the mill and helped load them.

Q. Have you a family ? If so, state where they reside.—A. I have a family, and they live with me on Mr. Fort's farm. Before the war I belonged to Mr. Metcalfe, and Mr. Fort owned my wife, and hired me from 1859 until I was freed, and I have been living with him ever since.

Q. Do you know how much flour was hauled from the mill by Government wagons ?—A. I do not know how much they hauled away, but it was a good deal. There were trains of wagons came several times, and each wagon hauled twelve or thirteen barrels at a load. I did not keep any account of how much they hauled.

And further deponent saith not.

his
ALBERT + METCALFE.
mark.

Witness :

J. W. CAMPBELL.

Sworn to and subscribed before me January 10, 1874.

J. W. CAMPBELL,
U. S. Commissioner.

ALBERT METCALFE, having been by me first duly sworn, deposes and says :

I am a colored man, twenty-seven years of age, I think. I live with Sugg Fort, and am a farm-laborer. I was present when the Government wagons came to Mr. Fort's mill to take his flour. Don't know whether or not Mr. Fort objected to the soldiers taking the flour. When testifying before Commissioner Campbell, I fixed the time when the

flour was taken entirely from my own memory. Did not know that I was to testify before Commissioner Campbell until I was called into the room. The Government wagons came fifteen or twenty or thirty times. There were fifteen or twenty or thirty wagons at a time, never as few as four or five; sometimes there were soldiers with them and sometimes not. They always carried away flour; don't think they took empty barrels; helped roll them in, and they were heavy; don't know how many barrels they took; don't know how many barrels he had when they first came, but he had a great many; he had flour in the mill, in the tobacco-barn, in the granary, in the warehouse, and the store-house. Mr. Fort did not keep many empty barrels on hand, and those he had were mostly kept outside and not in the buildings.

The wheat used to be kept in the mill, in the depot, and in the cars. The depot floor once broke down with the weight. Don't remember when this wheat was on hand. There had been no Federal soldiers around; don't know whether it was before the battle of Fort Donelson or after, but think it was afterward. Did not see any rebel soldiers around the mill about that time; never saw them around either in the day or night; don't know whether I could tell rebel from Union soldiers. There were two other mills running in this neighborhood, one belonging to Mr. Watson; don't know who owned the other—one up and one down the river. I think they were doing custom-work only. The nearest residence to the mill was that of Mrs. Orndorff, a widow. Colonel Fort lived near the mill, also Charles Henry Fort, a cousin of Mr. Sugg Fort. Among the persons who came to the mill as regular customers were Mr. Ilai Fort, Mr. Charles Henry Fort, Mr. Lawson Fort, Mr. Josiah Fort, Mr. Stephen Ligon.

I was a slave, belonging to Mistress Metcalf before the war, and was sent to Mr. Sugg Fort by Ilai Fort, to whom I afterward belonged, and have worked for Mr. Sugg Fort ever since.

his
ALBERT + METCALFE.
mark.

Subscribed and sworn to before me at Fort's Station, Robertson County, Tenn., this the 26th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

*Circuit Court Commissioner of the United States
for the Middle District of Tenn.*

DISTRICT OF COLUMBIA,

County of Washington, ss :

GEORGE H. PURDY, of the State of Indiana, of lawful age, being first duly sworn, deposes and says :

That he is the same George H. Purdy who was captain of Company H, 4th Regiment Indiana Cavalry, afterward major of the same regiment. That, about the last day of March or first of April, 1863, he went in command of an escort to guard a train of Army wagons, (furnished by Charles H. Irvin, wagon-transportation quartermaster at Nashville, Tenn.,) under orders from General Robert B. Mitchell, then commanding the post and defenses at Nashville, Tenn., to a mill on Red River, in Robertson County, Tennessee, I suppose about twenty-five miles from Nashville, to procure flour. I got from said mill six or seven wagons loaded with flour; do not remember the name of the owner of said mill. I was instructed by General Mitchell not to receipt for said flour. I delivered the flour to the commissary at said post of Nashville; do not recollect

his name, having not reported to General Mitchell's headquarters but few days before being ordered to make this trip. Do not now recollect the exact number of barrels of flour, but usually each wagon was loaded with from twelve to fourteen barrels of flour. I remember distinctly taking said flour from the shed of a house near a large mill on said Red River. I have no interest whatever in this claim.

G. H. PURDY.

Sworn and subscribed to before me this 30th day of May, A. D. 1874.
[SEAL.]

THOS. J. MYERS,
Notary Public.

*Questions to be answered by Maj. George H. Purdy, of Terre Haute, Ind.,
in reference to the claim of Sugg Fort, of Tennessee.*

1. Are you the same George H. Purdy who, in the month of May last, made an affidavit at Washington in reference to the seizure or appropriation of a quantity of flour at a mill on the Red River, in Robertson County, Tennessee? If you are, please state at whose request you made that affidavit, and what was said to you by the person wanting it as to the use that was to be made of it.

2. Were you told in whose claim it was to be used, and were the particulars and nature of the claim explained to you? If so, does the statement agree with the statement of the claim of Sugg Fort, received by you in the same envelope with these questions? If not, please state wherein they differ.

3. Did you come to Washington at the request of Sugg Fort, or of any person acting or assuming to act in his behalf, or did you come on business of your own?

4. Did the person at whose request you made the affidavit explain what his connection was with the case, or what was the nature of his interest in the claim?

5. When did you first hear that Sugg Fort had a claim for flour taken and used by the Army at Nashville?

6. From whom did you hear it?

7. Have you had any correspondence with any person relative to said claim, or have you received any information or request of any character concerning it within the past two months?

8. Have you heard whether or not the claim has been paid?

9. Have you ever talked with General Robert B. Mitchell in reference to this claim of Sugg Fort? If so, please state the substance of what each of you said.

10. Were you ever asked or solicited to make any different statement or affidavit from the one that you really did make, and was any consideration held out to you for any such different statement that you might make?

11. How do you remember at what time of the year it was that you went after flour; up the Red River after flour?

12. How do you know that Lieutenant Irvin furnished the train?

13. How do you know that the train went under orders from General Robert B. Mitchell, and did you mean in your affidavit personal orders or orders received through the usual channels?

14. Can you locate the mill any better than by saying it was about twenty-five miles from Nashville?

15. How do you estimate the distance to be about twenty-five miles?

16. If not twenty-five miles, was it more or less?

17. What reason did General Mitchell give you when he instructed you not to give receipts for said flour?

18. If you do not remember the name of the owner of the mill, can you remember the names of any residents of the vicinity, either millers or farmers?

19. Can you describe the mill and the shed from which you got the flour?

20. Who wrote out the affidavit to which you swore last May, and did you read it carefully before signing and swearing to the same?

21. What reason was given for applying to you to make an affidavit?

22. In what way did you refresh your memory as to your visit to the mill before you made the affidavit?

23. Was any attempt made by any person to refresh your memory? And, if so, please describe the manner in which your memory was attempted to be refreshed.

24. Please read carefully the several allegations contained in the statement of the claim now inclosed to you, and give your knowledge or opinion, based upon your experience as an officer at Nashville, at the time, as to the truth or probability of those several allegations.

STATE OF INDIANA, *Vigo County*:

Answer of George H. Purdy, late major of Fourth Indiana Cavalry in war of 1861.

1. I am the George H. Purdy who made an affidavit in May last, (in the city of Washington, D. C.,) in regard to taking some flour from a mill on Red River, in Robertson County, Tennessee. I was ordered by General Robert B. Mitchell to take a part of my command and go in person and guard a train of Army wagons to go to a certain mill situated on Red River, in said county, and to load said train with flour and return to Nashville as soon as possible. I made the affidavit at the request of Mr. Sugg Fort, having been introduced to said Fort by General Robert B. Mitchell on the same day that I made the affidavit. Said Fort told me the affidavit was for his own use, and to enable him to get pay for a large amount of flour that had been taken from him at different times and by different officers.

2. I was told that it was to be used in his own claim, and the particulars as above stated; the claim was explained to me as above stated. The statement you have sent agrees with the claim, so far as I know anything about the matter. As I was never at the mill above mentioned but the one time, and that time—as heretofore stated in my affidavit made last May with regard to my acts—some time the last of March or some of the first days of April, 1863, I therefore know nothing of the matter except what Mr. Sugg Fort told to me on the day I made the affidavit in Washington, and of my own acts in the premises.

3. I went to Washington at the request of Mr. R. M. Thompson to testify or make a personal statement to Quartermaster-General Meigs in regard to a claim of Messrs. Mangrum & Ross, of Waterloo, Ala., and also to look after my own interest. I am trying to get a pension through Congress, which is now before the House Committee on Pensions. I did not know S. Fort, and did not know that he had a claim against the Government till he told me, after our introduction by General R. B. Mitchell.

4. Mr. S. Fort explained to me, as I have before stated, that he was the party or owner of the mill and flour, and he thought he ought to have his pay for the same.

5. Never heard or knew of Mr. Fort having a claim till he told me, after our introduction on the day the affidavit was made.

6. I heard it from his own lips after our introduction.

7. Never have had any correspondence with any one in regard to Mr. Fort's claim. I have not heard anything about the claim since I left Washington, and in fact I have not thought of it since, till your papers came to hand.

8. Never have heard anything of the claim since I left Washington, and that was the same evening I made the affidavit.

9. After General R. B. Mitchell had introduced me to Mr. Fort, he (General R. B. Mitchell) asked me did I remember how long I remained under his command at Nashville, before I went to join my regiment at Murfreesborough. I told him I did not, but thought it was about sixty days, but could not say positively; and I says, "Why, general?" and the general asks did I do much foraging while there, and I says, "Yes, I was foraging or scouting all the time; I was in the saddle all the time, night and day;" and I says, "You worked me harder than all the rest of my commanding officers put together;" "Well," he says, "your battalion was all the cavalry there was to be had, when I ought to have had two regiments at least." The general then asked me did I remember of taking any flour from any place, and I says, "Yes, I went up into Robertson County once, at a mill on Red River;" and he says, "That is the gentleman that owned the mill and the flour," pointing toward Mr. Fort; and Mr. Fort said, "I am glad I have met you, and are you willing to make an affidavit as to what you know about the taking of the flour?" and I says "Yes, but you must have it done right away, as I intend to start home to-night;" and we went before some notary public, and the affidavit you have reference to was written, and I signed and swore to the same, for which he thanked me, and we parted, and I have never seen or heard of him since.

10. There was no one offered to dictate to me about the statement that I made, nor was there any consideration offered to me, except to kindly thank me for the statement that I had made.

11. The reason that I remember the time, it was somewhere between three and six days after I had reported to General R. B. Mitchell at Nashville. I had been stationed at Mumfordsville, Ky., (under Colonel Hobson,) nearly all winter, and some time in March I was ordered to report with my command to General R. B. Mitchell at Nashville, Tenn., which I did and in a few days after my arrival at Nashville I was sent after flour.

12. I do not know that Captain Irvin furnished the train, but suppose he did, as they were all army-wagons, and Captain Irvin was quartermaster of transportation.

13. I received personal orders the night before I started at his (General R. B. Mitchell's) headquarters.

14. I cannot locate the mill very correctly, but the shed that we took the flour from was opposite, or nearly so, of the mill. It was just at dark when we got to the mill, and I had the wagons loaded as soon as possible, and then fell back some two miles to a good location, to camp, and to resist an attack if one should be made on me, and I was led to believe that one would be made, but, as good luck would have it, I made the round trip without firing a gun. I guessed at the distance, from the time it took us to get there, as we left Nashville about 8 o'clock in the morning, and got there to the mill at the time as above stated.

15. I estimated the distance by the time it took us to get to the mill.

16. I cannot say any more about the distance than I have said, as I

was never there but the time above mentioned, and have never been there since that time.

17. On the evening before I started to go to the mill General R. B. Mitchell sent to my camp for me to report to his headquarters immediately, which I did, and he then and there gave me my orders and instructions about the flour, as follows, to wit: "Captain, (for I was then a captain,) you will have your command ready to march to-morrow morning at sharp sunrise, and I have given orders to have the train ready at that time, and you will find the train in Edgefield, just across the river, on the left-hand side, all ready, and the wagon-master knows the road, as he has been there before;" and he (General Mitchell) says, "Now, captain, I want you to be very careful and keep your eyes open, as the country is as full of the enemy as rebels." He further stated that I must be careful and not let my men molest anything about the mill, as the owner was a loyal man; "but you will not probably find him there, and if he is you need not give a receipt, or say anything about one, as the owner is afraid his neighbors will destroy his mill."

18. I do not remember the name of the owner of the mill, and I think never heard of it till the day I made the affidavit in Washington. I did not learn the name of a single person on the road, neither did I inquire. I had no need to make any inquiries, as the wagon-master knew the road to the mill.

19. I cannot describe the mill or shed any better than I have done above.

20. I do not know the name of the gentleman who wrote the affidavit. After it was written he handed it to me to read, but as I did not have my specs at hand, I could not do so, and stated the reason, and asked him to read it, which he did, and it was all satisfactory, and I signed and swore to the same.

21. He, Sugg Fort, gave me the same reason as I have before mentioned; he said it might do him some good. I told him all right, I could easily tell what I know about the matter.

22. I do not know that my memory needs any refreshing about the three years that I served in the Army, as the most of it is as distinct in my memory as though it all happened but yesterday.

23. There was no attempt made by any one to refresh my memory about affidavit.

24. I have no doubt that the allegations are all true, and I have no doubt in my own mind but what the whole of the claim is just, and ought to be paid.

I further certify that I have no interest in the above claim either directly or indirectly.

G. H. PURDY,
Late Major Fourth Indiana Cavalry.

Subscribed and sworn to before me, Martin Hollinger, clerk of the circuit court for the county of Vigo, State of Indiana, this 2d day of December, 1874; and I certify that George H. Purdy, who signed the foregoing statement, is the person he represents himself to be, and is a credible witness; and further, that I have no interest whatever in the prosecution of this claim.

[SEAL.]

MARTIN HOLLINGER,
Clerk of Vigo Circuit Court.

CITY AND COUNTY OF NEW YORK, ss:

Samuel D. Henderson, of the city of New York, of lawful age, being

first duly sworn, deposes and says: I am the same Samuel D. Henderson who was a captain and commissary of subsistence, in the city of Nashville, during the winter of 1862-'63, discharging the duties of post commissary at said post. During that winter and the spring of 1863, I remember distinctly Capt. Samuel J. Little, who was general receiving commissary for the Army at Nashville, receiving a large amount of confiscated flour from Robertson County, Tennessee, near Springfield, but am unable to recollect the name of the person from whom it was pressed, or the exact amount of flour. I remember the flour was taken by order of General R. B. Mitchell, then commanding the post and defenses at Nashville.

Deponent further says that he is unable to recollect whether Captain Little retained the flour at Nashville, or sent it to the front.

S. D. HENDERSON.

Sworn to and subscribed before me this nineteenth day of May, A. D. 1874.

[SEAL.]

S. D. THOMAS,
Notary Public, Kings and New York Counties.

EXHIBIT T.

Deposition of Charles F. Benjamin.

CHARLES F. BENJAMIN, clerk of the Southern Claims Commission, being duly sworn, deposes and says: That, on the 21st day of October, he was appointed by the Secretary of the Treasury to inquire into the validity and justice of the claim of Sugg Fort, of Robertson County, Tennessee, recently settled by the Commissary-General and accounting officers of the Treasury, and that, in pursuance of such duty, he went to New York on the 21st day of November for the purpose of finding Capt. Samuel D. Henderson, formerly commissary of subsistence at Nashville, and taking his statement in reference to the claim; that he took with him to New York a copy of the affidavit made by the said Henderson in the city of New York in the month of May last, the original of which appeared on file with the papers in the claim before Congress; that his knowledge of the whereabouts of the said Henderson was derived from a statement made to him by General Robert B. Mitchell on the 5th of November, at which time General Mitchell informed him that when he last heard of Captain Henderson he was in the fancy-goods business, on Broadway, New York, nearly opposite the Saint Nicholas Hotel; that the deponent did not find Captain Henderson at the place stated, but found that he was at No. 62 Stone street, in the cotton-brokerage business. Deponent did not see Captain Henderson at such place, but at his boarding-house, No. 42 East Thirtieth street, on the day above named, when and where Captain Henderson informed him that he had been visited at his office (as the deponent understood) in Stone street by General Mitchell a few months previously; that at the time of his visit General Mitchell told him that he had come there for the purpose of obtaining his affidavit in reference to a claim, which General Mitchell described to him in substantially the same terms as the claim was described in the affidavits of the claimant and General Mitchell on file with the papers in the case. Captain Henderson (as he informed the deponent) replied to General Mitchell that he could not make an affidavit that would be of any service to him, as he did not think his knowledge was sufficient to make a useful affidavit, and advised General Mitchell to

visit Mr. Thomas J. Wilson, of Newark, who was formerly the chief clerk to Captain Little, receiving commissary at Nashville, and who would undoubtedly be possessed of more information than Captain Henderson himself; that finally, in consequence of the evident desire of General Mitchell to obtain his statement, he did make an affidavit which appears on file with the papers in the claim. At the time the deponent visited Captain Henderson the latter appeared to have but a faint recollection of the precise purport of his affidavit, but told the deponent that all he really knew was, that on one occasion he saw in front of Captain Little's establishment a wagon-train loaded with flour, which, from the appearance of the barrels, or for some other cause, which this deponent does not remember, he was satisfied did not come from Louisville. On inquiry of Captain Little as to where he got the flour, that officer replied that it was confiscated flour from Robertson County. The deponent ascertained by inquiry of Captain Henderson that the only knowledge the latter had that the flour was taken by order of General Mitchell was his belief that Captain Little had so stated at the time. The deponent found that Captain Henderson could not state with accuracy, or even near approximation, the time at which he saw this flour; but Captain Henderson has no recollection whatever of seeing any flour except upon this one occasion. He thinks there might have been as much as 200 barrels, but is wholly uncertain as to the quantity. Before leaving Captain Henderson, the latter promised to make a statement in answer to any questions that might be forwarded to him for the purpose of obtaining his statement; and, on or about the 23d day of November, this deponent forwarded to Captain Henderson a list of questions to be covered in a statement to be drawn up by the said Henderson, and by him signed and verified upon oath, and to be forwarded to this deponent. A few days after forwarding such questions to Captain Henderson this deponent received from the wife of that gentleman a postal card informing him that Captain Henderson was quite sick, but would attend to the matter of the statement as soon as he was able so to do. Not hearing from Captain Henderson, the deponent subsequently wrote to him, asking his attention to the matter, and in reply to his communication received the letter, which is herewith appended, from the wife of said Henderson. In consequence of the inability of Captain Henderson to testify at this time, this deponent makes this statement of his conversation with Captain Henderson at the time of his visit. The deponent presumes that the statement of Captain Henderson will be made and forwarded according to promise, as soon as he is sufficiently recovered from his illness.

CHAS. F. BENJAMIN.

Subscribed and sworn to before me this 4th day of December, 1874.

HENRY H. SMITH,

Investigating Agent, Treasury Department.

42 EAST THIRTIETH STREET, N. Y.,

December 1.

DEAR SIR: Yours of 28th received. Mr. Henderson has been *very* ill; is still confined to his bed. It will be impossible for him, in his present condition, to attend to your request.

Respectfully,

R. H. HENDERSON.

CHAS. F. BENJAMIN, Esq.,
Washington, D. C.

NASHVILLE, TENN., *February 10, 1874.*

SIR: I lived in the county of Montgomery, adjoining Robertson, for many years. I have known Mr. Sugg Fort from childhood. He is a gentleman of high character; is the owner of a large real estate; was engaged in the milling business during the late cruel war, and was some years before the war. Mr. Fort, his father, and brother, were regarded as Union men, and took no part in the contest.

Respectfully,

J. O. SHACKELFORD.

The CHAIRMAN OF COMMITTEE ON WAR CLAIMS.

Indorsement.

In regard to the inclosed letter, I called upon J. O. Shackelford, and he stated, in reply to each interrogatory, as follows:

1. He gave the letter at the special request of Mr. Sugg Fort, who stated to him that he had a claim before Congress for flour. He thought Mr. Fort said the paper was given to show Mr. Fort's reputation and standing in his neighborhood, and to be used for this purpose in connection with the prosecution of the claim before that body. He did not know, nor did Mr. Fort tell him, the amount of the claim, nor did he know anything as to the merits of it.

2. He had known Mr. Sugg Fort for the last twenty-five years pretty well; that he believed, when signed, every statement made in the letter, he knowing Mr. Fort pretty well, never having heard anything against his character, and that being high, so far as he knew or had heard; yet, since having heard much of this claim lately, he would not again write such a letter without further investigation as to its merits; that he has read the affidavit of Mr. Sugg Fort, also that of General Mitchell, and had he read them before he wrote the letter he would not have written it, since he would not state that any man was a man of high character who informed against his neighbors.

3. He thinks and believes that there are one thousand men in Robertson and Montgomery Counties who would testify as to high character of Mr. Sugg Fort. The following gentlemen, he believes, also would: Edward H. Eart, W. K. Bowling, James M. Quarles, and Edward S. Cheatham, of Nashville, Tenn. The following gentlemen, he believes, would testify that Mr. Fort was a large landowner: Col. E. A. Fort, Samuel Moody, Elias Fort, of Fort's Station, Robertson County, and Mr. — Shaw, of Thomasville, Cheatham County; also G. A. Washington, of Cedar Hill, Robertson County. He cannot give the name of any man who he knows or believes could or would state that Mr. Sugg Fort was loyal, since he knows no man who could or would make such a statement, never having heard any one, that he remembers now, state that Mr. Fort was loyal.

4. He stated from his general acquaintance with him for the last twenty-five years, but does not know that anything in that time occurred to test his character. His acquaintance was meeting him occasionally and talking for a short time upon general subjects. Before the war and about its close he passed a night or so with Mr. Fort on a farm with a mill on it, and he thinks that Mr. Fort told him that he owned it. All he knows of his personal knowledge of his loyalty is from what Mr. Fort himself told him. He remembers that at a military court-martial at Clarksville that Mr. Sugg Fort was a witness, and that he then stated in his testimony that he was a loyal man, yet he cannot now recall

any particular occasion on which Mr. Fort stated to him that he was loyal.

5. He does not know that Mr. Sugg Fort was during the war regarded as a loyal man by others, nor does he know exactly how he himself then regarded him, but supposes that, from his having heard Mr. Fort state at the military trial at Clarksville, in 1863, that he was a loyal man, he supposes that afterward he (Shackelford) must have considered and regarded Mr. Fort as having been loyal during the war, but that he always regarded a great many men as loyal whom other people considered disloyal.

JAMES TRIMBLE.

CLARKSVILLE, TENN.

We, as a portion of the citizens of Montgomery County, Tennessee, state that we have been acquainted with Sugg Fort, of Robertson County, for many years; that he is a man of excellent integrity and good character; he is a man of means, owning large real estate in the adjoining county, (Robertson;) for the last fifteen or twenty years he has been engaged in the milling business, owning as he did the fine flouring-mill on Red River, in Robertson County. We regard Mr. Fort as a fine practical business man and of great energy of character.

This February 5, 1874.

J. E. BARLEY,
HORACE H. LUNTON,
H. C. MERRITT,
W. A. QUARLES,
WM. M. DANIEL,
H. W. HUMPHREYS,

Members of the Bar at Clarksville, Tenn.

JAS. E. RICE,

Judge of 10th Judicial Circuit of Tennessee.

CHAS. G. SMITH,

Chancellor 6th Division, Tennessee.

BAKER D. JOHNSON,

Attorney-General for Montgomery County.

CHARLES W. TYLER,

Judge of Montgomery Criminal Court.

IRWIN BEAUMONT,

Sheriff Montgomery County, Tenn.

POLK Y. JOHNSON,

Clerk and Master, Chancery Court.

CHAS. D. BAILEY,

Clerk of the Circuit Court, Montgomery County.

SAM'L REXINGER,

Postmaster Clarksville, Montgomery County.

G. A. LIGAN,

Mayor of Clarksville, Tenn.

D. W. KENNEDY,

President Northern Bank of Tennessee.

S. F. BEAUMONT,

President First National Bank, Clarksville.

B. V. KEESER,

President Bank of Clarksville.

PETER ONEAL,

Clerk of Montgomery County Court.

STATE OF TENNESSEE,
Montgomery County :

I, Peter Oneal, clerk of the said county, certify that the names of the persons above subscribed is the genuine signature of each, the parties being to me personally known.

Witness my hand and seal of office, at office in the city of Clarksville, Tenn., this February 9, 1874.

[SEAL.]

PETER ONEAL, *Clerk.*

Memorandum for Commissioner Trimble at Clarksville.

1. To see the signers of Sugg Fort's testimonial, and ask same questions, as at Springfield.

2. To see James Carter, and find out just what dealings he had with Fort, between beginning of war and middle of 1863, especially after the Federals occupied the country; how much flour he got between middle of 1862 and 1863, and when; also whether flour was plentiful and cheap, or otherwise, in the latter part of 1862, and early part of 1863.

3. Whether J. N. Barker, a farmer near Clarksville, is dead or not, and if he or his family are not distant, find out if Sugg bought wheat from them in the fall of 1862. Same as to S. M. Lyon.

4. Who the buyers and handlers of flour were in the town of Clarksville in the latter half of 1862, and whether they got flour from Fort, and how much, and whether he supplied any to commissary at Clarksville, between November, 1862, and May, 1863; also, whether flour was scarce or plenty.

5. Whether any of Sugg's mules were sold at Clarksville by auction, in latter half of 1862.

6. Whether Sam. Johnson, who is still there, bought any mules for Sugg at private sale then.

7. Whether a negro named Ralph Mumford was killed at the railroad-crossing at Clarksville about a year ago, and whether those who knew him well (white or black) ever heard him say he told Sugg where a lot of bacon was hid, and so got it seized by the Yankees.

7. Whether Sugg was a Union man or a confederate, or both; who knows it, and how?

8. What his character and reputation was in 1862, and what it is now—for honesty and veracity.

9. What is known or thought of his claim, and the grounds of knowledge or belief.

In regard to annexed memorandum, I report as follows:

1st. Annexed papers marked, respectively, A, B, C, and D, show the circumstances attending the signing of the testimonial by J. E. Baily, Horace N. Luntun, Chas. G. Smith, and B. N. Johnson. As to other signers of the testimonial, D. C. Merritt knows Sugg Fort only from general reputation; has known him personally many years, but not very intimately; knows nothing special as to his character; did not know for what purpose paper to be used; read it and signed it in the manner papers of recommendation are usually signed; knows nothing of his own personal knowledge that Sugg Fort was a large land-owner; knows it only from general report; about same as to R. D. Humphreys.

Chas. D. Baily did not know Fort intimately; only knew him from general reputation, which was good; did not know that Fort was a large land-owner except from general report; did not know for what purpose paper to be used; did not know he had a claim.

Samuel Rexinger has had only slight acquaintance with Fort, only for the last five or six years; knows nothing of the facts of his own personal knowledge; did not know the purpose for which the paper was to be used; did not know Fort had a claim.

G. A. Ligon knows Fort only from general reputation; knows only from report that he was large land-owner; did not know for what purpose paper to be used; did not know anything about claim.

S. F. Beaumont, about the same; has had money dealings with Fort, knows that he had large credit with bank, and was a good business man; knows nothing special as to character.

Peter O'Neal knows Fort only from reputation, which is good; knows him personally, to speak, but not very intimately. The others, because of absence from town and offices, I was unable to see.

The general history of the paper is about as follows:

Sugg Fort, himself, carried around the paper. He had in his possession and showed to different signers of the present paper, the Springfield paper, signed by John E. Garner, J. C. Stark, J. W. Judd. These are prominent men in Robertson County—Fort's own county. The majority of the signers of the present paper, seeing their names on the Springfield paper, also the names of Baily, Luten, and Quarries, prominent and well-known men of Clarksville, on this paper, and having an acquaintance with Fort more or less intimate, and not knowing anything special against the character of Fort, hastily reading it over, signed it as a mere matter of course, without knowing or caring much for the purpose it was to be used; most supposed it was to be used in some ordinary business transaction in Clarksville or Springfield; but had it been known it was to be used in connection with his claim, still it would have been signed all the same.

The person to whom James E. Baily and D. D. Lurten allude is Dr. C. W. Greenfield; post-office address, Clarksville, Tenn. I would have seen him myself, but he lived some distance in the country; moreover, he is a brother-in-law of Fort's; is on bad terms with him, and all springs from his having been Fort's security in some business matter, which he had to pay.

2. James Carter has moved to Paducah, Ky.; he has always been a worthless person, and the probabilities are that he had no large dealings with Fort; he was a man of no property.

3. J. N. Barker is dead; his family lives ten or twelve miles in country.

4. See depositions of Hambaugh and Pettus, in batch of depositions.

5. Made inquiry, but could hear nothing of the sale.

6. Went to Johnson's office at least a dozen times, but could not see or hear anything of him.

7. See depositions of D. W. Brown and Ralph Mumford, in batch of depositions.

8. General reputation among the Union men that he was not loyal, but could not learn any particular disloyal act on his part.

9. Good, except from Baily and Lurton; see their letters.

10. No one seemed to have heard of it, or at least knew anything about it. James E. Baily related that in conversation with William Weatherford, of Port Royal, Robertson County, (you have his deposition,) that Weatherford intimated to him that the claim was fraudulent.

JAMES TRIMBLE,

U. S. Commissioner.

My signature to the paper was written by myself; take it for granted

I read the paper; have no recollection of having been told the purpose for which it was intended; had known the father of Fort for more than thirty years—a gentleman of the highest character; had known Sugg Fort for twenty years; knew his associations to be with the best people of the country; knew he had been engaged in considerable business transactions; never heard anything against his moral character; knew that he had been in possession of a mill and tract of land for many years; always heard they belonged to him, and believed they belonged to him; remember that some days after signing the paper a gentleman told me Fort had a claim against the Government; probably intended to use the paper at Washington. He said that Fort was a sharp and unprincipled man, but I know of nothing against his moral character, and have not heard any specific allegations against him.

J. E. BAILEY.

The paper shown me indorsing Sugg Fort as a man of character, and signed by J. E. Bailey and others, contains my genuine signature. The paper was handed me by Sugg Fort, who stated that he had a claim against the Government, and that it was necessary to establish his character and standing in the community. I had known Mr. Fort for some eight or nine years. His reputation, so far as I knew, was good, and his character as a business-man was fully equal to that set out in the paper referred to. I knew that he was living upon a large and valuable tract of land which he claimed as his own, and which was reputed to be his own, and I believed did belong to him. I know nothing contrary to this statement save that a few days after this paper was signed a gentleman called upon Colonel Bailey and myself and expressed surprise that we should sign such a paper, saying that Fort was a man wholly untrustworthy and unreliable, and that he was insolvent and would put the paper given him to some fraudulent use. This statement is all that I have ever heard against Fort's moral character, but such is my confidence in the character of the gentleman making these charges, that I should now hesitate to sign this paper again without further investigation of his character and financial standing.

HORACE N. LURTON.

During the month of February, 1874, Sugg Fort, of Robertson County, Tennessee, came to my residence in Clarksville, Tenn. Some persons were in my parlor at the time, where I took Mr. Fort and introduced him to my company. He soon afterward handed me a paper, stating that he was a man of integrity and the owner of large real estate. I have known Mr. Fort for about twenty years, first as a clerk in a dry-goods store in Clarksville. He then moved to Robertson County, and I saw him only occasionally until about May, 1869, when I was elected chancellor of the sixth division of Tennessee, and, his county being in my division, I met with him frequently. He was represented to me as a man of fine estate. I recollect he lost one suit in my court and I rendered judgment against him for several thousand dollars. He wanted an appeal, which was granted, to the supreme court of Tennessee, and General J. E. Garner, a man of property and solicitor for Fort, signed his appeal-bond in double the amount of the judgment. When he handed me the paper referred to I told him I could sign it if I knew he owned the real estate mentioned. He then showed me a certificate of the clerk of the county court of Robertson County, stating that he owned large real estate there; and also the certificate or statement of most of the members of the bar at Springfield, in Robertson County, to the same effect. I then asked him what he wanted with the paper. He

said he wanted it for some purpose of business, but did not explain what. I believed the statement to be true and signed it. My signature is genuine. I regarded Mr. Fort as a man of fine business capacity and great energy.

CHAS. G. SMITH.

I, B. D. Johnson, of Montgomery County, Tennessee, at the request of James Trimble, special commissioner, make the following statement in regard to my signature to the paper certifying that Sugg Fort, of Robertson County, was a man of integrity and a man of property. Mr. Fort came to me during the session of the criminal court, and, being the prosecuting attorney, I was busily engaged at the time. He told me that he wanted me to sign a paper, and said something, I do not now remember what, which made the impression on my mind that the object of it was to aid him in recovering damages from the National Government for property which was either used or destroyed during the war by United States troops. I read the paper and signed it. My impression then was and still is that Mr. Fort was a good business-man, a man of integrity, and a man of property. My opinion, however, is based solely upon hearsay and reputation, as I have never had any dealings with him myself, nor do I of my own knowledge know what property he now owns or has owned, nor do I remember, prior to signing the paper, ever to have heard either his honesty or property discussed by any one in particular.

B. D. JOHNSON.

OCTOBER 29, 1874.

SPRINGFIELD, TENN.

We, a portion of the citizens of Robertson County, Tennessee, state that we are and have been well acquainted with Sugg Fort, a citizen of said county, for many years; he is a man of high character in the community in which he lives; he is, and has been for years, a man of substance, and the owner of considerable real estate in this county. His business for the last eighteen or twenty years has been that of regular milling, being the owner of a fine flouring-mill on Red River, in this county, until about the year 1870, when the same was destroyed by fire. Mr. Fort is a man of energy of character, and a fine practical business-man.

This February 3d, 1874.

JNO. E. GARNER,

J. W. JUDD,

A. E. GARNER,

E. A. HICKS,

JO. S. STARK,

Attorneys at Law, Springfield, Robertson County, Tenn.

W. B. LOWE,

Commissioner Chancery Court, Springfield, Tenn.

JOHN Y. HUTCHISON,

Clerk of the Circuit Court, Springfield, Tenn.

B. H. BOONE,

Sheriff of Robertson County.

J. W. FORT,

Chairman of Robertson County Court.

R. H. MURPHEY,

Clerk of the County Court, Robertson County.

JOHN WOODARD,

President Springfield National Bank.

STATE OF TENNESSEE,
Robertson County :

I, R. H. Murphey, clerk of the county court of said county, do certify that the above are the genuine signatures of the persons signing the same.

Witness my hand, at office, and seal of said court this 3d day of February, 1874.

[SEAL.]

R. H. MURPHEY, *Clerk.*

Indorsement.

It is hereby certified that the foregoing statement and signatures were exhibited by Messrs. H. H. Smith and Charles F. Benjamin, investigating agents, Treasury Department, to all the signers thereof, except J. W. Fort, who was not in town, at Springfield, county-seat of Robertson County, Tennessee, on Wednesday, October 28, 1874, and the signatures acknowledged.

Some of the signers remembered the circumstances under which they signed it, while others did not. To some it was brought by Sugg Fort; to others by Joseph C. Stark, who drew it up. Some knew it was to be used in aid of a claim against the United States; others thought it was for some ordinary business purpose. A majority of the signers had only information and belief as the basis of their knowledge, while a minority allege personal knowledge of the truth of the contents. Eight would sign the paper again, and two would not. Three of the signers, including the writer, hold the relation of lawyer to the subject of the testimonial. One signer, the last whose signature appears, placed his name upon the paper reluctantly, and only because of the names already appended, and regretted his act afterward, and would not repeat it. Some of the signers did not read the paper before signing.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

NASHVILLE, TENN., *February 10, 1874.*

We, citizens of Davidson County, Tennessee, state we are acquainted with Sugg Fort, of Robertson County, Tennessee; that he is a man of excellent integrity and good character; that he is the owner of fine real estate in an adjoining county, (Robertson.) For the last eighteen (18) years he has been engaged in the milling business, owning a large, fine flouring-mill on Red River, in Robertson County. We regard Mr. Fort as an excellent practical business man, and of great energy of character.

J. O. SHACKELFORD,
Late Judge of Supreme Court.

J. P. HELMS,

JAS. CHAMBERLIN,

E. F. MULLOY,

W. B. REESE,

Members of the bar of Nashville, Tenn.

J. V. H. GUILD,

Judge of Law Court.

CHAS. N. GIBBS,

Secretary of State of Tennessee.

R. L. TUTHILL,

Special Commissioner of Claims.

E. D. WHITWORTH,
Of Davidson County, Sheriff.
 F. M. WOODALL,
Deputy Sheriff.
 ALBERT ACKERS,
Clerk Circuit Court.
 JNO. LEUNSDERS.
 THO. T. SMILEY.
 JAS. M. QUARLES.
 P. TURNEY.
 JNO. C. BURCH.
 JNO. McCLELLAND.
 M. BURNS.

I believe the statements in this petition.

THOMAS A. KERCHEVAL,
Mayor of Nashville.

EXECUTIVE OFFICE,
Nashville, Tenn., February 12, 1874.

I know the signers of this and the accompanying petition, and it affords me much pleasure to state that they are the best men of the State, and reflect all shades of political sentiment; and I have no hesitancy in stating that they have certified the truth in favor of Mr. Fort, who has the best standing in his county.

JNO. C. BROWN,
Governor of Tennessee.

NASHVILLE, TENN., *October 29, 1874.*

SIR: Being obliged to return to Washington without completing our inquiries concerning the validity and justice of a liquidated claim of Sugg Fort, of Robertson County, Tennessee, in which you have been engaged in taking testimony for the United States, we authorize and request you to procure and certify the following information and evidence in the case, viz:

1. Whether the signers of the accompanying certificate of various officials and citizens at Nashville in favor of Sugg Fort, each and every one, read the certificate before signing the same; whether each and every statement therein set forth is upon the personal knowledge of such signers or upon what other authority; whether such signers knew the use to be made of the certificate; and whether, being now informed of the use made thereof, they would, each of them, sign it again without qualification.

2. Whether his excellency the governor of Tennessee certified to the standing of Sugg Fort upon his personal knowledge or otherwise; whether he knew the intended use to be made of his indorsement; and whether he intended to certify to the responsibility of any other signers than those appearing in the same paper as his own indorsement.

3. Whether D. D. Dickey, of Church street; Mr. Bowman, an engineer and architect; Messrs. Cheatham & Wood, merchants; Mr. Wessells, a confectioner, on College street; Mr. Simmons, a baker, of Church and High streets, all of Nashville, or any other handlers or buyers of flour during the war whose names you may obtain, can tell, from their books or papers, what flour was worth between November 1, 1862, and June 1, 1863; whether it was plentiful or scarce; whether the Government

officers were or were not well supplied from distant points as well as from the neighborhood; and whether flour from the mill of Sugg Fort, in Robertson County, was on sale in the Nashville market between the dates named.

4. Inquire of John D. Dolan, merchant, Church street, opposite penitentiary, if he was hauling flour from Watson & Weatherford's and from Sugg Fort's mills between the dates named; and, if he was, get all particulars that bear upon the truthfulness of the claimant's story, which please read to him to see how far he can sustain or contradict it. If he has strong rebutting evidence, take his deposition.

5. Summon one Wade, now under indictment and bail for trial before the criminal court for forging comptroller's warrants, and examine him searchingly touching his visit to Sugg Fort's place in 1863 or 1869, after the payment of the wheat-claim, in company with E. D. Lyons and Harrison, a young claim-agent, now dead, at which time, it is said, the flour-claim was invented, and the plan of the story to support it sketched out.

6. Summon M. J. Moran, a claim-agent of Nashville, and take his deposition concerning his knowledge of the loyalty or disloyalty of Sugg Fort and his voting for secession.

7. See Peck & Cahill, insurance agents, Union street, Nashville, and inquire persistently as to there being anything connected with the burning of Sugg Fort's mill, or the collection by him of a large insurance thereon, to throw discredit or suspicion upon statements made by him touching matters wherein he may have a large pecuniary interest.

8. Obtain from Deputy Collector Fowler, of the internal-revenue office at Nashville, a copy of the bond executed by Sugg Fort, a month or six weeks ago, on Form 33, in the case of J. W. Powell, of Robertson County.

9. See Dr. Newton Walton and James Watkins, both of Nashville, and ascertain if they sold any wheat to Sugg Fort in the fall of 1862.

10. Examine files of the Nashville papers between November 1, 1862, and December 31, 1862, and note what information they give concerning the names of the post and district commanders, the quartermasters, commissaries, and provost-marshals in and about Nashville, Edgefield, Clarksville, and Springfield, and the regiments and companies about Nashville and Edgefield; the supply and price of flour, and the principal millers and dealers, and the security or insecurity of the country about Nashville.

11. Ascertain, by looking at the file of papers, whether the 4th or 5th of December, 1862, fell upon Sunday, or how near to either of those dates Sunday came within the same.

It will not be necessary to take depositions or affidavits except where indicated, or in cases where you come upon authentic information bearing adversely upon the more important allegations of Sugg Fort and General Mitchell, whose statements are left with you for your own information and guidance, and in the hope that by reading them to persons whom you may visit, you may develop names of persons who have not yet testified or given information, as well as facts that have not been exposed.

Be pleased to give the foregoing matters prompt attention.

Very respectfully,

HENRY H. SMITH,
CHARLES F. BENJAMIN,

Investigating Agents, Treasury Department.

To JAMES TRIMBLE, Esq.,

United States Commissioner, Nashville.

In the matter of Sugg Fort.

To the annexed instructions I respectfully report as follows:

1. In regard to the testimonial, I called upon each gentleman signing the same, except R. S. Tuthill and P. Turner, who do not reside in Nashville. Each person stated his signature to be genuine.

James O. Shackelford stated that he had personally known Mr. Sugg Fort some twenty years; that from this personal acquaintance he thought his character good, and such was his reputation; that he had before and during the war passed a night or so on a farm in Robertson County on which Mr. Fort lived; that it was reported to belong and he believed did belong to Mr. Fort; that he knew Mr. Fort had a claim, and he had an impression that this testimonial was to be used in connection with it. He would not sign it again without qualification without further investigation.

J. P. Helms has known Sugg Fort for six or seven years, but not very intimately. From this knowledge believes him a man of good character, and such is his reputation. Has passed a night with Sugg Fort on a farm in Robertson County, and supposed he owned it; did not know the purpose for which paper was to be used. Would sign it again upon information and belief for any purpose.

Jo. C. Guild stated about the same as J. O. Shackelford. Did not know the purpose of the paper; would sign it again on information and belief.

E. F. Mulloy stated that he lived in Robertson County before the war; that he knew Sugg Fort personally, but knew his character more from reputation than from personal acquaintance; that he knew only from report that he owned a farm and mill in Robertson County; that he had an impression that the paper was to be used in prosecution of claim; would sign it again from information and belief.

James Chamberlain and W. B. Reese stated that they had known Sugg Fort for three or four years; knew his character from reputation; knew from report only that he owned a mill and farm in Robertson County; did not know the object or purpose of the paper; would not sign the paper again without further inquiry as to the merits of claim.

Chas. N. Gibbs and John C. Burch stated that they signed the paper only from statements and representations made to them; did not know Mr. Fort's reputation or that he was a large real-estate owner, except from statements made to them at the time of signing; had a kind of knowledge that the paper was to be used in connection with a claim, but knew nothing about its merits; would sign again upon these representations and statements.

E. D. Whitworth and F. M. Woodall do not remember ever seeing or hearing of such a man; know nothing whatever about him or his means. Their signatures are genuine, but do not remember ever reading the paper or when or where they signed it.

Albert Akers has heard of Mr. Fort, but knows nothing whatever as to his character or means; did not know or care for what purpose the paper was to be used.

Thos. T. Smiley stated that he had known Sugg Fort for many years; thinks him a man of good character, and such is his reputation; knows from report only that he owned a mill and farm in Robertson County. Did not know the purpose of the paper, but would sign it again from information and belief for any purpose.

John Lumsden stated that he signed the paper only from representations and at the request of a friend; that he did not know the purpose

the paper was to be used for; that he ought not to have signed it, and would not sign it again.

James M. Quarles stated that he had known Sugg Fort for ten or fifteen years, and from his acquaintance he believed him a man of good character, and such was his reputation; that he had been many times upon a farm in Robertson County on which Sugg Fort lived, and that Fort told him that he owned it; he was upon it about one year and a half ago; that he did not know the purpose of the paper, but from information and belief would sign it again for any object or purpose.

John McClellan stated that he signed the paper wholly from information and belief, knowing Mr. Fort only slightly; did not know the purpose of paper, but would sign it again from information and representation for any purpose.

M. Burns stated that he signed with qualification at first; would qualify still more and make inquiry as to merits of claim before signing again; signed only from seeing preceding names and representations; knew nothing of Mr. Fort personally.

Thomas A. Kercheval had known Sugg Fort for ten or twelve years; thought his character good, and such was his reputation; knew he had a claim, and supposed paper to be used in connection with it; would sign again from information and belief for any purpose.

2. John C. Brown certified from his personal knowledge of his reputation, but not as to his character; knew that it was to be used in connection with a claim. His indorsement was intended to cover besides the signers of the present paper the signers of other testimonials, he thinks, signed by gentlemen living in Robertson and Montgomery Counties.

3. In or about August, 1862, the United States Army under General Buell retreated to Kentucky, and almost the whole country abandoned by the United States soldiers except city of Nashville. Nashville was in a kind of state of siege, and so continued until the return of United States Army under General Rosecrans, in or about 1st of November, 1862. During this period of time no provisions or very little came into the city, and flour went up to \$25 per barrel. About the 1st of November General Rosecrans's army began to arrive at Nashville. From this period of time until about the middle of December, 1862, the greater portion of his army was encamped in and around Nashville. Communication and the railroad were not opened until the latter portion of November; consequently from these two causes the want of means of communication, and the large number of soldiers around, provisions were scarce and high. From old books of flour-merchants I learned that flour in November and December was selling at retail for \$12 per barrel. During this time the United States authorities were also seizing flour for the army, but were paying only about \$8 per barrel.

After Rosecrans advanced upon Murfreesborough, the latter portion of December, and the communication with surrounding country opened, flour began to fall. In January, 1863, it was bringing from \$11 to \$10 per barrel; in February, from \$9 to \$8; and in March and April went as low as \$6 and \$6.50; in May and June, for some cause, it went up again to \$12. During this period of time large shipments were being made from Robertson and Montgomery Counties; and, from what I can learn, it was hauled in wagons from mills of Watson, Moody, and Holman, of Robertson. I find none from Sugg Fort's mill. It is thought that he carried his to Clarksville and Springfield.

4. John D. Dolan states that, in the fall of 1862, he was in Robertson County, making inquiries as to who had flour for sale; that he heard of

about all the flour-mills in the county that had flour for sale, but heard nothing of Sugg Fort having any on hand. I think that Dolan knows a great deal, but I can get nothing more out of him, and even did I succeed in doing so, I would be in doubt whether or not to believe him.

5. Wade is not here in jail. His address is W. E. Wade, Saint Louis, Mo.

6. Deposition hereto attached.

7. Messrs. Peck and Cahill state that they paid up the policies immediately. They had no suspicion of fraud whatever, except that it seemed strange that no insurance had before been on the mill, and that the fire occurred so soon after insurance was effected; amount of insurance, \$10,000. Col. E. A. Fort claimed portion of it, but finally all paid to Sugg Fort. They also stated that Sugg had call a few days before I did, to inquire whether any United States official had called upon them recently in regard to the matter.

8. The original affidavit of Sugg Fort on Form 33, made September 18, 1874, on the distillery warehousing bond of J. W. Powell, of Robertson County, is on file in the office of the Commissioner of Revenue, at Washington, D. C. No copy is on file here as the law requires; consequently I cannot furnish you with copy.

9. These parties I have not been able to see.

10. From November the 1st until the latter portion of December, 1862, almost the whole of General Rosecrans's army was in and around Nashville.

From November the 1st until December the 10th, 1862, the post commander and his subordinates were as follows:

Post commander, General Negley, headquarters High street.

District headquarters, Summer street, W. H. Sidell, major Fifteenth Infantry, A. A. A. G.

Provost-marshal, at capitol, A. C. Gillam, colonel First Tennessee Regiment.

Chief assistant quartermaster, Cherry street, Capt. J. D. Bingham.

Assistant quartermaster, Cherry street, Capt. R. Stevenson.

Assistant quartermaster, Vine street, Capt. R. N. Lamb.

Assistant quartermaster, Market street, Capt. J. M. Hale.

Chief commissary, Vine street, Capt. R. McFeely.

Commissary of subsistence, Broad street, Capt. S. Little.

Acting commissary of subsistence, Broad street, Lieut. Charles Allen.

Medical director, E. Swift.

Paper (Nashville Union) of December the 11th, 1862, contains special order, dated "December the 10th, 1862, Nashville, Tenn.," issued and signed by "Gen. R. B. Mitchell," assuming command of post of Nashville, ordering all troops of the garrison or post to obey his orders, and appointing following staff: Capt. John Pratt, A. A. G.; Capt. C. A. Garnett, A. Q. M.; Lieut. W. O. Osgood, A. D. C.; Lieut. John K. Rankin, A. D. C.; headquarters, College street.

After this order a short time appears:

Provost-marshal, Col. John A. Martin, colonel Eighth Kansas Regiment.

Assistant quartermasters, J. G. Chandler, J. D. Bingham, J. G. Cox, and William Mills.

Assistant quartermaster in charge of transportation and quartermaster's stores, Lieut. Charles H. Irwin.

The following locals show condition and state of surrounding country:

November 2, 1862. Robberies of stages on their way north at Goodlettsville, by guerrilla Dick McCann.

Nov. 4. Rosecrans approaching Nashville, with his army from Kentucky; Bragg with his army approaching town of Murfreesborough.

November 5. Rebels under Morgan and Forrest make unsuccessful attempt to burn the railroad-bridge at Nashville.

November 13. Louisville and Nashville Railroad runs to within twenty-six miles of Nashville; passengers and mail thence conveyed to Nashville in stages and wagons; telegraph communication opened with Louisville.

November 23. Almost whole of Rosecrans's army has arrived and is encamped in and around Nashville. Capture of some of Forrest's men near Nashville.

December 2. Capture of some of the men of guerrilla Dick McCann.

December 3. Rosecrans's headquarters at Nashville; business on the increase, and provisions begin to come into market.

December 9. Rebel Woodward driven from Clarksville into southwest portion of the State.

December 12. Time-table of the Edgefield and Kentucky Railroad published, and notice that it makes all connections at Guthrie, Ky. (This is the road that runs by Fort's Station.)

December 13. Rosecrans's Army begins to advance toward Murfreesborough, Tenn.

December 25. Murder of a preacher named Wagner in Robertson County, and robbed of \$300; at same time, by same party, two other citizens robbed.

10. The 4th day of December, 1862, came on Thursday.

D. D. Dickey was principal dealer in flour during the war, but he has been absent for the last month; others were Wessell, Simmons, Cheatman, and McLaughlin, and Brien, and Thaxten, and others, who have since left Nashville.

JAMES TRIMBLE.

NASHVILLE, TENN., *February 14, 1866.*

We, the undersigned, officers in the military service of the United States, take pleasure in stating that Sugg Fort, living on Red River, in the 17th civil district of Robertson County, Tennessee, is and has been loyal to the Government of the United States. He is a credible, exemplary gentleman of the highest standing. He has at great personal risk performed duties for the Government, to which our officers assigned him. From all we know of him, and of his character and position, and also of his claim against the Government, we are satisfied that his claim is just and correct, and should be allowed.

GEO. T. ARMSRTONG,

Major of Fifteenth United States Colored Infantry.

WILLIAM V. DOAN,

Captain of Fifteenth United States Colored Infantry.

A. M. CODINGTON,

First Lieutenant Fifteenth United States Colored Infantry.

M. Y. WILCOX,

First Lieutenant Fifteenth United States Colored Infantry.

JOHN J. HARDY,

Lieutenant Fifteenth United States Colored Infantry.

FRANK H. BUTTERFIELD,

First Lieutenant Fifteenth United States Colored Infantry.

GEO. W. WATSON,

Second Lieutenant Fifteenth United States Colored Infantry.

LEVI PATCHIN,

Captain Fifteenth United States Colored Infantry.

HENRY E. KORHAMMER,

First Lieutenant Fifteenth United States Colored Infantry.

(Copy.)

I, Geo. T. Armstrong, an officer of the Government of the United States, do hereby certify that Sugg Fort, the claimant stated, is a respectable citizen, of good reputation for veracity, and is entitled to full faith and credit, and has taken the oath of allegiance to the Government of the United States pursuant to the proclamation of the President of the 8th of December, 1863, and at the time his said claim originated was loyal to the United States, and has been ever since; and I further certify that A. B. White, W. B. Aaron, and W. J. Aaron, the witnesses to said claimant's declaration, are known to me to be credible persons, and loyal to the Government of the United States, and of good reputation for veracity, and entitled to be believed.

[STAMP.] (Signed) GEO. T. ARMSTRONG,
Major Fifteenth United States Colored Infantry.

The oath of allegiance is signed and properly acknowledged by Sugg Fort.

(Copy.)

HEADQUARTERS UNITED STATES FORCES,
Springfield, Tenn., January 5, 1865.

Mr. SUGG FORT:

SIR: You are hereby ordered to go through the county of Robertson, Tennessee, and buy all flour and grain at such prices as the Government authorizes.

If parties owning or controlling grain or flour refuse to sell to you, as an authorized Government agent, you will report them promptly to these headquarters, and their grain and flour will be confiscated.

Failure to comply with the above will subject you to arrest.

By command of Colonel Downey, commanding post.

(Signed) M. HORACE MCKAY,
Captain and Acting Assistant Adjutant-General.

HEADQUARTERS DEPARTMENT OF THE CUMBERLAND,
Nashville, November 24, 1863.

Guards and pickets:

Pass Mr. Sugg Fort, with one horse and buggy, to Springfield, Tenn., permitted to carry out of the lines one carpet-sack and contents.

By command of—

MAJOR-GENERAL THOMAS.
WILLIAM C. BUNTS,
Captain and Acting Assistant Adjutant-General.

HEADQUARTERS POST COMMANDER,
Nashville, December 9, 1862.

Guards and pickets:

Pass Sugg Fort to Springfield, Tennessee.

By command of—

[SEAL.] BRIGADIER-GENERAL NEGLEY,
Commanding Post.

JAMES A. LOURIE,
Captain and Assistant Adjutant-General.

Approved by command of Major-General Rosecrans.

WM. M. WILES,
Captain and Provost-Marshal-General.

QUARTERMASTER'S OFFICE,
Nashville, Tenn., August 19, 1867.

Respectfully returned to Bvt. Maj. Gen'l Thomas Swords, A. Q. M. Gen'l U. S. A., with the information that I have investigated the within case of Sugg Fort, of Robertson County, Tennessee, and find as follows:

* * * * *

In conclusion, I would say that the loyalty of claimant, both during and since the war, is undoubted, and that the claim is just.

(Signed)

T. MOORE,
Major, Quartermaster, Bvt. Lt. Col., U. S. A.

ASSISTANT QUARTERMASTER'S OFFICE,
Nashville, Tenn., December 19, 1866.

* * * * *

It is a very hard matter to obtain any evidence in this case other than that given by the witnesses to the claim. There is no question as to the Government's having taken a large amount of wheat which belonged to said Fort, and the only evidence that I can get is such as to substantiate that of the witnesses to the claim; and after a thorough investigation of the case, I consider the claim reasonably just and correct.

(Signed)

G. W. MARSHALL,
Brevet Major and A. Q. M.

NOTE.—The foregoing passes and certificates of Moore and Marshall relate to wheat-claims of \$42,900 paid in 1868; also appear in flour-claims.

Col. E. A. FORT, having been by me first duly sworn, deposes and says:

My name is Edmund A. Fort. My age, 57 years. My residence, Fort's Station, Tenn., and my occupation, a farmer. I am a third cousin to Sugg Fort, and have known him all his life. At the beginning of the war he and I owned the mill from which the flour was taken charged in his claim, each owning one-half. He had no ownership in any other mill, to my knowledge, but his wife's father's estate owned a mill about four miles above here, on the Red River, in which he had no interest that I know of. Their name was Sugg, Dr. H. H. Sugg being the father of Sugg Fort's wife. My interest in the milling-business ceased in the fall of 1861, in consequence of my unwillingness to risk going into such a heavy business as Sugg Fort proposed and desired. The mill was operated all the time, both before and after the Federals came here. While the confederates had the possession of the country we sent flour to Nashville, Memphis, and New Orleans. We sent, among others, to C. H. Smith, of New Orleans, who never paid us, and that causes me to remember him particularly. I never knowingly sold a barrel to go into confederate-government use, and do not know that a barrel ever did go into that use. We used to sell large quantities to Livingston, a wholesale and retail grocer on the public square at Nashville. I understood from Sugg, last week, that the mill-books are at Springfield, in the custody of Joseph C. Stark. I have seen them myself since the destruction of the mill by fire. Sugg left them at my house when he went to Washington last spring. They were his cash-book and journal. The day-book and one or two others were burned at the mill. In the fall of 1862 I know that he bought large quantities of wheat, and I myself saw large quantities of flour in his store-house and in the mill. I suppose there was as much as a thousand barrels in the mill, and, so far as I could see, the store-house was full, though I didn't go up-stairs. The store-house was about 30 by 60, and about 15 feet or more high, divided

into two floors, and with sheds at the sides. I never examined the barrels to see if full or empty, but several times saw them loading barrels into Government wagons, and don't suppose they would be loading empty barrels. We used to buy barrels from the Clynavards, of Springfield, and others whose names I don't remember, at Springfield and Greenbrier. When I saw Government wagons taking Sugg's flour, I supposed they were appropriating his flour as they did mine, and did not know, from Sugg or anybody else, that he had an understanding with the Federal authorities in reference to the taking of his flour. I remember Sugg telling me some years ago that General Mitchell knew it was his flour that was taken. It may have been three or four years ago, and I am certain it was more than a year ago. I do not know that he had 3,000 barrels of flour in the fall of 1862, but I know no reason why he should not have had that quantity. When I was in with him, we were making 100 barrels a day, and I know he was buying wheat largely, and that the mill was running night and day. The railroad hence to Nashville was usually in running order, though sometimes the confederates burned the bridges, and once in a while a freshet would carry a bridge away. I don't know why the flour should not have been sent to Nashville by rail instead of sending wagons out from Nashville to haul flour, unless it was while the railroad was disabled. The road was then called the Edgefield and Kentucky Railroad. My personal and business relations with Sugg Fort have been intimate for years, and I have largely trusted him, and have never had reason to believe that he was dishonest, untruthful, or capable of committing a fraud. I know that his standing in the community is good. The fact that he was prosecuting a claim at Washington was publicly known here in this community, and I never knew or heard of anybody but D. D. Holman, of Springfield, denouncing it. My personal relations with Holman are friendly, but I cannot conscientiously say that his public reputation is good. I understand that he is now and has been for several years a claim-agent.

I have known Wiley Edwards, one of Sugg's witnesses, all his life, and believe him to be a truthful, honest man, and his reputation in the community is good.

In reference to Henry Waters, I would believe him on oath if he swore against me. I don't know Albert Metcalfe so well, but know nothing whatever against him, and believe them to be of good reputation in the community. They are, both of them, thrifty colored men, apparently prosperous and of good credit. I have no reason whatever to believe that they would testify untruthfully on oath.

I believe Sugg Fort to be a solvent man, in good credit. Whenever he asks me to go security for him I always do so. I am on his paper now to the extent of two or three thousand dollars, and perhaps more, and have no apprehension that I shall have to pay the money. I have been going his security for probably fifteen years, and have never had to pay a dollar for him, though the aggregate amount has been very large. I also know that he has had large contracts in his business, and have never heard that he failed to carry them out honorably. I know at least four or five wealthy men that he could get as security to any amount, and from whom he could get unlimited credit.

E. A. FORT.

Sworn and subscribed to before me, at Fort's Station, Robertson County, Tenn., this 26th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

Circuit Court Commissioner of the United States

for the Middle District of Tennessee.

NASHVILLE, October 29, 1874.

In the matter of the claim of Sugg Fort.

Statement of Mrs. Sugg Fort.

"Don't know how much flour Mr. Fort had in the fall and winter of 1862-'63, but he had a good deal; don't know whether there was one, two, or three thousand barrels. Did not know much about Mr. Fort's business matters. Remember that about two weeks or so before Christmas, 1862, Mr. Fort went to Nashville; think it was in regard to the return of slaves; he started in the morning and was gone a day or two; remember that he went in a buggy; and that at another time he went to Nashville to see about getting a permit; don't know what the permit was for. Never heard of General Mitchell until recently, and do not remember that Mr. Fort went to Nashville to see him specially. Do not remember about Mr. Fort making a visit to Nashville in the night, and would have known it if he had made such a visit. Do not remember Mr. Fort telling me that he was going to Nashville to see General Mitchell or any other general, to inform him of the fact that he had a large quantity of flour with the view of having the Federal military authorities seize it; that would have been such a remarkable circumstance that I would have remembered it. Do not think the Union soldiers came with Mr. Fort on his return from Nashville, but think he returned toward evening. Don't remember distinctly about the circumstances of that visit to Nashville, but am sure he went to see about the return of slaves once, and once to see about a permit to get wheat or sell flour. Don't remember about rebel soldiers coming to burn mill and threatening Mr. Fort. Think my husband was a Union man; that is, he never done anything for the confederacy; never interfered and asked rebel soldiers not to burn the mill or other property. Don't remember of any rebel soldiers visiting the mill to take any flour, except once when a bag or so of flour was taken. Some guerrillas, that is, a band of thieves, came once when Mr. Fort was away in Canada, and there was some talk of burning the mill; did not see them, but heard about it; gave them food, as I did rebel soldiers once or twice. On one occasion some rebel soldiers were eating at the table when some Union soldiers came. I was afraid they would fight, but they did not see each other. There was no feeling against Mr. Fort because of his Unionism, though all, or nearly all, of the neighbors were rebels; heard some one say that there was talk of hanging my husband, but don't remember who told me; don't know whether my husband told me, or some of the servants; don't remember whether I heard this lately or not. Remember that some soldiers with wagons came to the mill and got flour, about two weeks before Christmas, 1862; remember it was after the fall of Fort Donelson; think it was afternoon when they came; think some soldiers came another time afterward, but can't remember whether it was in January or February; saw an officer with them; don't know how much flour they took; think some Government wagons came once or twice without soldiers. Don't remember when the battle of Fort Donelson was; don't remember when the battle of Lookout Mountain was; don't remember when the bridge was burned; think it was after Fort Donelson fell. Don't remember when Mr. Fort sold his mules. Don't know how much flour Mr. Fort had, but know he had a large quantity."

The foregoing statement was taken by me on Thursday evening, Oc-

tober 29, at the residence of the claimant. I stated to Mr. Fort that I desired to take the statement of his wife without his being present, but Mr. Fort withdrew to the rear parlor, and only partly closed the doors, taking position where I could not see him, but in full view of his wife. Several times during the progress of the examination Mr. Fort made some movement or demonstration to attract his wife's attention, but it is creditable to Mrs. Fort that she gave her statement, as far as she could, from her memory, though embarrassed by the course of her husband, who evidently sought to refresh her memory, and suggest statements to her that would harmonize with his own. Upon stating that I desired the statement sworn to, Mr. Fort objected to that, after I had explained the statute as to perjury, &c., and that a witness who falsely testified in a claim was liable to prosecution with the claimant preferring such false claim. This statement was written out by me October 30, the following day, from the memoranda of the statements made by Mrs. Fort the previous evening.

HENRY H. SMITH,
Investigating Agent, &c.

WASHINGTON, D. C.,
November 16, 1874.

In the matter of the claim of Sugg Fort.

Examination of Capt. F. S. Sowers.

My name is F. S. Sowers; residence, city of Washington; occupation, claim-attorney. I know Sugg Fort, of Robertson County, Tennessee, and have known him since 1866. I know that he had a claim against the Government for flour, and first heard that he had such claim in 1867 or 1868, probably in 1868. He informed me of that fact in Nashville, where I was living at the time. He had a claim pending before the Quartermaster's Department for 39,000 bushels of wheat, amounting to about \$42,900, at \$1.10 per bushel. It had been in the hands of Mr. Niles of this city for some three years. Mr. Fort came to me and engaged my services, making me an associate counsel in that case. During the working up of the case before the Quartermaster's Department in 1867 and 1868, this flour matter was spoken of frequently. He said that he had a claim for flour which was taken from his mills by the United States forces, and was unable to tell from whom the order was received, whether from General Negley or General Mitchell, General Mitchell having succeeded General Negley as the officer in command. He did not know what to do in the matter, and asked me if I thought it would be advisable to put the claim in before the Commissary Department at that time. I told him it would not unless he had such evidence of the officers as was required by the Department. It was talked of almost daily while he was here in 1868. Efforts were made to find persons having knowledge of the case. I was looking for Captain Kane, commissary of subsistence, and Captain Little, commissary of subsistence, at the post of Nashville. I can't say who he was looking for. Captain Little was alive at that time, and was in business at Nashville. He was interviewed by me on several occasions. Besides looking for Captain Kane and Captain Little, I was looking for General Negley, General Mitchell, and Captain Henderson, who used to be the commissary. I saw them all at different times—year after year, or month after month. I cannot say whether Captain Kane is now living. The last I heard of him he was at Pittsburgh. He was

commissary. I do not think Captain Little is now living. He was living in Nashville in 1868 and 1870. I was at the races at Nashville both in 1869 and 1870, and I had an interview with him in reference to this flour matter. He said that he had received a large quantity of flour from unknown sources, and said, "I have no doubt I got Mr. Fort's flour; I will examine my papers and see what can be found from them, and make such a statement as the papers and the facts will warrant." I think that was in May, 1870; possibly it may have been in 1869. I had another interview with him the following February to the same import, and he advised me to see Colonel Irwin, Captain Henderson, and also the commandant of the post, who it was supposed issued the order for the taking of this property. He did not say whether that commander was Mitchell or Negley. It was one of the two. Mitchell succeeded Negley. He could not tell, nor could I at that time, as to the date when Negley surrendered the office. It was, however, in November, 1862, I think. I was in Nashville at the time, and in camp there. I think that was the time. It was either the last of October or in November. The records will show. I have no other reason for thinking that was the date, except my present memory of what occurred back in 1862. I saw in the Department to-day a pass signed by General Negley, commanding, dated December 12, passing a man through the lines. It does not matter in what case I saw that paper. He may have been relieved prior to that date. I am not positive about the date being the 12th, but I think it was. It was dated some time in December. I saw Irvin daily, and have talked to him about this claim. I couldn't tell all we have said about it. He said a great many things to me about it, and I have had several talks with him in reference to it. He said that he did not know about it personally. He said no doubt he may have sent the escort in charge of the train. He may have sent the escort and the train; he did not know and could not tell until he had examined his papers and found out something about it. To my knowledge, personally, he never has examined his papers or told me that he knew anything about it. He has promised me on several occasions to do so. I do not know where he is now.

I had an interview with General Negley at the Monongahela, in Pittsburgh, and we then made an arrangement to meet at Washington at a certain time, and he would look over his records while he was in command at Nashville and meet me here. If he had any memoranda or matter by which he could refresh his memory with reference to this case, as to giving an order to take Mr. Fort's flour, he would be here and give me the benefit of it. He did give me the benefit of his search, and the result was that he had no knowledge of it. Captain Little said to me subsequently, at the Maxwell House, at Nashville, that he had not examined his papers, as he had not had time; but he said, "I am satisfied that we got Mr. Fort's flour. I will write to you at Washington." I was to leave next day. That is the last interview I ever had with Captain Little. I don't remember that he ever said why he was satisfied that he had got the flour. He wrote me one letter I think afterward, and sent me a receipt for money I had paid him as rent. In that letter he mentioned the flour matter. He said that he had not completed his examination, and would advise me as soon as he accomplished that result. If he could find any data, notes, or memoranda, or anything of that sort, he would let me know. He had a railroad-ticket office at that time, and then he went into the baggage-transfer line. He never gave me any more information.

I never had an interview with Captain Henderson but once in my

life; that was in Nashville, in the early part of these proceedings. He merely referred me to Captain Little. He said, "Captain Little has that matter all on his books, and he can give you any information you want." That must have been in 1867 or 1868. I do not remember the time, and am not positive whether I saw him at Nashville or *New York. We used to meet very frequently. He was from a nearly adjoining county to me in Ohio. He was in New York the last advices I had. I do not know what he is doing there, nor do I know his address.

I saw General Mitchell first in reference to this case probably in 1870 or 1871. I have seen him frequently. He used to be at my office frequently, and he has been from that time on. When I wrote him I also telegraphed him. I had, prior to this, however, telegraphed to General Negley to meet Mr. Fort and myself here, in order to settle the question whether General Negley issued an order to take this property. Mr. Fort came here. General Negley failed to come. I think this was in 1871. Mr. Fort was taken sick here, and as soon as he recovered he left for home without seeing General Negley. On my way West that fall I called at Pittsburgh to see the general, and had a talk with him about this matter. He assured me that Captain Kane, who was the commissary at the time, was still living, although the Commissary-General had told me that he was dead, and that their advices were of a character that could be relied upon. General Negley said, "I am satisfied that I saw Captain Kane here the day that General Grant was at Pittsburgh." He said also, "I have no data by which I can show whether I gave that order before I left the office or not." I then wrote to General Mitchell and telegraphed to him when he could be here. I received one or two letters from him; I do not remember whether I got a telegram from him or not in reply. I think that was in 1870 or 1871; [1871 or 1872.—C. F. B.] He came on after he recovered from an illness; he had been quite sick. He had been here every year for the last twenty-two years. I am unable to give the date of my first interview with him; I am not certain whether it was after I came back from the West or before I went; I think it was before; it was probably in 1872. He remarked something like this: "I have an indistinct recollection of giving the order to take a large quantity of flour from Robertson County, on the Red River; the quantity I am unable to say; I can't tell anything about it, because whatever was brought in was turned over to the post headquarters; Fort was the man." Whether it was Ed. Fort or Sugg Fort he couldn't say. That is about the sum and substance of his interview with me. He referred to Pratt, his adjutant-general. He said "I think Pratt could tell who it was, and possibly could tell the amount. He said, "When I go home I will think of the matter, look over what memoranda I have, and let you know." I didn't hear any thing from him.

I saw him again in 1873; I wrote and telegraphed him, and he told me when he would be here, which would be as soon as he was able to travel; he had been sick. I then wrote him that Mr. Fort had been here on two or three occasions to see General Negley and to see him, to confer with them, and that he was anxious about the matter. I became satisfied from the dates of the taking of the property that General Mitchell must have been in command of the post instead of General Negley. General Negley and myself had an interview on that question at Willard's, and from the dates of the taking of the property it could not have been taken while he was in command; it was in the latter part

* I did not see him in New York, not having been there since 1867.—C. F. B.

of December, 1862, and the fore part of 1863. It is a question whether or not General Negley was in command at any time in December; he may have assumed command. In my future conversation with General Mitchell he did not seem to have more knowledge or more recollection than he had in the first interview, except from an examination of the record of his career, and from his recollection bringing to his mind what had transpired during the war. I do not know how he got his information, nor from whom, but he was satisfied, and he says he knows, as well as he knows he was living, that he gave the order. He had the advantage of referring to his adjutant-general, his quartermaster, and a portion of his staff. He referred to Captain Garrett, Major Pratt, and Rankin, and so told me. I do not know that he said he consulted them, but that he had had the advantage of refreshing his memory from incidents that occurred while they were with him, and was satisfied that he gave the order to take Mr. Fort's flour, or the flour that was received from him. I cannot say that he said he had consulted any papers, records, or memoranda running back to that time, but my impression is that he did. He said he had come to that conclusion after careful reflection, and from all the circumstances, and from his recollection of the matter, and what he had gained from other sources. He further said, on his second or third interview with me, that he was damned positive that he issued the order by which this property was taken. Those were the words of the general. When he first saw me I don't think he had seen Fort, nor do I think he had seen Fort before he saw me the second time and gave me this positive information. The second interview was probably the last of 1872 or the fore part of 1873. It may have been in the fall of 1872, although I am not positive about that.

I never asked Captain Garrett anything about this claim. I met Captain Pratt, the adjutant-general, by accident here last winter, in front of the Ebbitt House. It was either last fall or last winter, and I am not certain which—whether it was before or after the holidays. I think I talked with him about this claim. We were standing in front of the Ebbitt House. I had not seen him for two or three years. I think, perhaps, we had been taking a drink at the Ebbitt House, and walked out, another gentleman being with us. I merely asked him the question, "John, are you here on the Fort case?" He said "No; I have nothing to do with it; but," says he, "whatever the general states there, you can bet your life is true." Those were the words, in effect. The matter passed off in that sort of way. I think the other gentleman heard him say that. I don't now remember who it was—whether it was Hoover or Butler, or whom. That is all the talk Pratt and I ever had about the claim, and it didn't amount to two minutes' talk.

Captain Kane I never saw in reference to this case. I knew him during the war, while he was in the Army with me.

My connection with this case began in 1868, when Mr. Fort first consulted me. In 1870, I think, this claim was put up by me on a petition under the act of July 4th; brought that petition to Washington, and left it in my desk until such time as I could find official evidence, as required by the Commissary Department, under the law of July 4, 1864. It thus remained in my desk until the winter of 1872-'73, a portion of which time I was absent from the city, at the West, leaving a clerk in my office. While absent Mr. Fort was here looking after this case, which he supposed was on file in the Commissary Department; but inasmuch as I had been unable to procure the evidence of any officer, as required by that Department, to place it on file prior to March 3, 1871, it was not filed, and was for that reason retained in my

office. Mr. Fort telegraphed me at my home in Ohio, and wrote me. I replied to him that it was impossible for me to get here; that I was compelled to be at home to attend to the store of my son-in-law, he being an invalid, and not able to attend to the store at all. Mr. Fort took the papers, according to his statement to me and the statement of my clerk. That clerk was Maj. H. R. Hall, now in New York. I do not know his address. His son was at Rice's photograph gallery when I last heard of him, and can probably give his father's address. Mr. Fort took the papers, as I say, from my office, and gave them to Mr. Charles O'Neill as Mr. O'Neill and Mr. Fort both told me. My clerk was in charge of the office, and delivered up the papers. The owner of the office, Mr. Clarke, got out an attachment on an indorsement of mine on a note of his. I was not here, and I could not say who had the key. Mr. Clarke was a friend of mine, and took out this attachment to secure himself and to secure me also. I would believe Mr. Fort's statement under oath before the statement of any other man in the world not upon oath. When those papers were turned over to Mr. O'Neill, that terminated my connection with the case for a time. I never saw the papers from that time until the fall or winter of 1873, when Fort came and brought them back to my office, and I looked them over, he retaining them, however, in his own possession. I had no authority—no power of attorney. I cannot specially remember the papers that were shown to me. I saw the petition and affidavits in connection. I do not remember what they were. I am satisfied General Mitchell's affidavit was not there at that time. Fort's own affidavit was there, I think, and there were some from people that were employed by him. After he had taken those affidavits was the time he showed me those papers. It was prior to the assembling of Congress, I think, although it may have been afterward. I could not say whether it was as much as six weeks or two months before or after the assembling of Congress.

I had then nothing to do with the case. I was not before the Department. He would consult me from day to day what to do, and I would tell him. He would start off with the view of carrying out my instructions. Whether he did so or not I do not know. He may have acted under the instructions of somebody else. My advice to him at the time was that he had no remedy except through Congress. I reckon that while his claim was pending before Congress I did act in favor of it and talked in favor of it. I couldn't state just what I did. I talked a good deal in favor of it to various parties, because I believed it to be right and just. I talked both to members and to those who were not members. I might have talked to a dozen a day about general matters. I do not suppose that it has any material effect upon the case, and think it is unnecessary to ask the question as to whom I talked in aid of the claim who were not members of Congress. I have talked to Mr. King, Mr. Hoover, and Mr. Butler; Mr. King was another. I can't tell who they were. I have talked in aid of the claim with Mr. Sawyer, of Tennessee, or in reference to it, rather. I have also talked to Maj. C. T. King in reference to it. I have talked to Capt. J. M. Butler in reference to it. I do not know who he is.* I did not talk to them specially to get their services in aid of the claim. I talked to them about it; and if ever they could say or do anything it would be all right. I have talked with J. L. McFarland about it. I talked to two or three members about it, and represented the case to them, as I believed it to be a just claim, and asked their support.

* I do know Mr. Butler; and if I said that I did not, it was not intentional.—C. F. B

I have talked to General Negley, Mr. Foster, of Ohio, Colonel Berry, of Ohio, Col. C. Lamison, of Ohio, and I may have talked to others. I have said that this gentleman had such and such a case, and I believed it to be meritorious, and asked their support. It might be thought that after Congress adjourned I did something in aid of the claim. I advised Mr. Fort from day to day.

Prior to the adjournment, however, I advised him to ask the consent of the House for certified copies of the papers in his case, in order that he might present the case before the Commissary Department under the act of June 16. This was on the evening, or the evening prior to the adjournment of Congress. Under the act of June 16, the Commissary Department was authorized to receive claims as heretofore, under the act of July, 1864, which they had declined to receive subsequent to March 3, 1871, which barred this claim before we could prepare the evidence to be filed there. I had several talks with General Eaton about it. He would not entertain it under that act. I also spoke with General Beckwith about it, and, by the advice, or consent, or counsel of General McFerran and General Thomas, I did not think it advisable to have the two claims there together, while I was prosecuting a claim for wheat before the Quartermaster's Department. General McFerran and General Thomas told me this in 1868. There were various reasons, best known to them and to myself; one was that we had not the evidence from the officers as required, and furthermore we could use the papers as to Mr. Fort's loyalty, which were on file in the Quartermaster's Department, and when that was settled we could have them transmitted to the Commissary Department in support of his loyalty. That was the advice Generals McFerran and Thomas gave me, and I think General James A. Ekin also. I think General McFerran is dead. General Thomas is alive. It was talked of by several of them around the Department. I think McFarland gave the same advice. I know that was the conclusion. I most assuredly told the claimant that it was not advisable to have two claims pending at once. I said "You have a claim before the Quartermaster-General's Department for so much wheat; wait until you get this one thing through; it is a claim of considerable magnitude; you can take your loyalty papers that are in this claim in support of your claim before any other Department, and in the mean time we can find such testimony of the officers as is required to support your claim before the Commissary Department."

After Congress adjourned and the claim was brought before the Commissary Department I think I did something in aid of it. I may have aided Mr. Fort. I may have loaned him money to remain here and to prosecute his case. I advised him, as I have said, to get certified copies from the House. After I gave him that advice I did not see the Commissary-General at all. I may have done something in aid of it. I cannot say whether that is a matter that comes in here or not. I say I may have loaned him money to stay here and prosecute this affair. Whether I did is a question not material to anybody. After the adjournment I think I did something in aid of the claim. I have an objection to stating particularly or specially what I did. In general terms, I did aid. During the whole of my connection with this claim I do not remember to have seen, and do not think I ever did see any paper written or printed in 1862 or 1863 which had any relation to the claim. I never saw any documentary evidence that I remember, which bore date of the same time the flour was taken, or about that time. I never have seen anything of that sort with the exception of the memorandum from the miller and Mr. Fort's own papers. The miller and

some man with him had a memorandum which was dated in the latter part of 1862, and probably in December. I was under the impression that it was in November. I saw such a paper probably in the fall of 1867. I think it was at the time Mr. Fort first gave me a power of attorney in the wheat-case to associate me with Mr. Niles. I think Mr. Fort had that paper then. He did not leave it with me. I think I saw it the next year after he got his money—probably in 1869 or 1870. I saw it on several occasions; saw it at Mr. Fort's office, at his house afterward—in 1870 or 1871. I have talked to the miller about it. I don't know that I have seen it since I was at his house. It was in a little memorandum-book. I don't know but what he had it here last fall at our room. We roomed together. I don't know where it now is, and have never heard him say. It had the look of a genuine record at the time. It was a little memorandum in a little pass-book, and was made, so he said, at the time the flour was taken.

Q. You are the attorney for the claimant; would you not have regarded that as very material evidence in the case if you could prove the identity of the book?

A. I wouldn't care a cent about that if the articles were accounted for and sworn to as taken by the officer. A piece of paper could be made out by him every day in the world. I wouldn't have regarded it as of the value of a snap of my finger. Mr. Fort may have it, and the miller may have it. It may have been lost. I have not heard anybody say within the past year what became of it. I think that is the only paper or writing of the kind that I ever saw. Previous to the first interview with General Mitchell in which his memory was indistinct, I don't think he said anything about the claim in correspondence with me. In 1871, when Fort was here and was taken sick, he knew that he was coming to meet General Negley. I presume that was the object of his coming. I arranged it. He may have had some other object; I do not know. He came because I had asked General Negley to come here and meet him, so far as I know. He was sick here a week or ten days. When he got well he took the cars for home and did not see Negley. I am quite sure that I had considerable conversation with him about the claim at that time, but he had no talk with Negley. I have no knowledge of the merits of the claim apart from what I learned from the claimant himself and those who testified in his favor, and whenever I have said it was a just and deserving claim, I have spoken from the evidence before me.

While the claim was before Congress, and I was aiding in its prosecution, I did not know that General Robert B. Mitchell was assisting and aiding it in any way. To my knowledge he never held any relation to the claimant except that of a witness.

I know nothing about his going to New York to see anybody in behalf of the claim, and do not think that all the time the claim was before Congress he was working for it in various ways. I am satisfied that he was not in the pay of the claimant in any way. If the claimant should swear that he paid him money I would believe it, but I do not know anything about it.

Q. Do you not know that it was well known by all who had anything to do with that claim that General Mitchell was working for it for a long time before Congress at this last session?

A. I do not think he did anything in the world. He may have spoken to this or that one about it, as any gentleman does, but I do not think he ever interested himself very specially. To my knowledge he never has.

Q. If, as a matter of fact, he was working for the claim and in the pay of the claimant, and you did not know it, how do you account for your ignorance of the fact?

A. I don't think he was, in the first place.

Q. But suppose you should now become satisfied that he was working for the claimant?

A. Well, he may have done that.

Q. If, as a matter of fact, he was working for the claim and helping at it in various ways, how is it that you did not know it? You were working for it, too, were you not?

A. I don't think that I interested myself probably as much as you think I did. I talked with General Mitchell about it, and we have conferred together from day to day in reference to what was being done and what the prospect was, but whoever he influenced in Fort's behalf I have no knowledge of. I do not know what he did.

I do not know that he was here all the time while the claim was before Congress; saw him frequently and have known him since he was eight years old. I think he was probably here during that whole session of Congress. I do not remember of speaking to any one else except those gentlemen I have named, in aid of the claim outside of Congress. I know only from report that the claim has been paid; do not know who drew the money, but have heard that it was Mr. Fort. I have no knowledge or information as to what became of that money so drawn in payment of the claim; whether I got my fees has nothing to do with anybody. Whatever he agreed to do with me he did like a gentleman. It don't make any difference whether I got a cent or not.

I could not tell in what case it was that I saw a pass issued by the command or the order of General Negley, dated, as you think, December 12. I cannot remember. It was to-day I saw it. It was among some papers, but I do not now remember what they were. It was in the Treasury somewhere. That is not the closest information I could give. I could give it if it is of any account. You will find it in the Third Auditor's Office. It is my impression that it is dated the 12th December, 1862. I can't tell what case I saw it in. I don't know whether it was in the wheat-claim of Sugg Fort or in the flour-claim, and I don't know but it was in another case. I looked at it casually. There were two or three bundles of papers there. If it was not in the wheat or flour case of Sugg Fort, it would be in a Tennessee claim of Dr. Burns; it would be in one of those three claims. I have consulted some letters preparatory to this examination, and papers of my own; also some in the Third Auditor's Office. I mean the papers in the claim of Sugg Fort. I consulted them as to the date of payment of his wheat-claim. The flour-claim I have not looked at at all. I have not looked at a paper in it, although they were there on the table, subject to my inspection. The date of payment of the wheat-claim was November 15 or 16 and 16, I think, 1868. I wanted to see also whether or not there was not a special power of attorney given to me aside from the firm of Palmers & Sowers. Besides those papers in the Third Auditor's, and my own letters and papers, I have not examined any others. Within the past two months I have written to my wife in reference to this claim, but to nobody else except to write to Fort that I heard it was to be examined within the past month. I wrote since my return here, which was on the 9th October. I have received no letters from Fort nor from anybody else about it, but I have talked with a great many people about town with reference to it. I do not think I have seen General Mitchell in the past week. I have seen him since I returned here, the 9th of October. He

said to me that he had made a statement before this board in reference to Fort's case. He had nothing further to say about it than that he had given his statement here, and that they were trying to make out Sugg Fort's claim a fraud—some words to that effect. He said, "They'll have a damned nice time doing that, I think; if ever there was a good claim in the world that's it, or I am the worst fooled man in the world."

F. S. SOWERS.

Subscribed and sworn to before me this 30th day of November, 1874.

CHARLES F. BENJAMIN,
Investigating Agent, Treasury Department.

PITTSBURGH, *December 16, 1874.*

DEAR SIR: Your letter of November 13, inclosing interrogatories to be propounded to General James S. Negley, was duly received. I mailed a note to the general requesting him to come to my office and make answer to the same. He did not appear, and I therefore return the interrogatories to you. The general is now in Washington.

Very respectfully,

S. C. McCANDLESS,
Clerk United States District Court.

CHARLES F. BENJAMIN, Esq.

Indorsement.

Respectfully transmitted to the honorable Secretary of the Treasury for file with the papers accompanying our report of December 5, 1874, upon the claim of Sugg Fort, of Tennessee. These interrogatories were prepared and forwarded to Pittsburgh, in consequence of information received from General Negley by one of the undersigned, in a personal interview at the city of Washington, in the month of November last. At that interview General Negley agreed to appear before a United States commissioner at Pittsburgh and answer any questions put to him, but failed to so do, though notified both by one of the undersigned and by the official at Pittsburgh to whom the interrogatories were sent.

In view of the statements of F. S. Sowers, the attorney most prominently connected with the claim, as to the numerous interviews and communications had by him with General Negley in reference to the claim, it would seem to be important that the statement of General Negley should be obtained for the purpose of showing, in part, the successive steps by which the claim was advanced, through fraud and perjury, to success. A perusal of the statement of Attorney Sowers, filed with our report, would leave little room to doubt that if he had succeeded in getting General Negley to believe that he himself had ordered the seizure of the claimant's flour, there would have been no appearance of General R. B. Mitchell in the case at all, and the dates, circumstances, and occurrences connected with the case would have been different from those eventually alleged.

HENRY H. SMITH,
CHAS. F. BENJAMIN,
Late Investigating Agents.

DECEMBER 18, 1874.

W. E. WADE, having been by me first duly sworn, deposes and says: My name is W. E. Wade. I am thirty-four years of age. I reside at present in Saint Louis, Mo. I went to Saint Louis to reside in November,

1872. I was quartermaster agent under G. W. Marshall in 1866. In January, 1867, I went into the claim business with Paramore & Sowers, at Nashville. I remained with them until they dissolved partnership in the fall of 1868. I was a clerk with them; while in this business I became acquainted with one E. D. Lyons, then an investigating agent of the Quartermaster's Department. In the fall of 1866, in the latter portion of November, I think, a wheat-claim of Mr. Sugg Fort, of Robertson County, was sent to Maj. G. W. Marshall to be investigated, when he turned the same over to me, and I was for a week or ten days engaged in the investigation. For three or four days I was at the home of Mr. Fort in Robertson County. I went there for the purpose of finding out his character, to see his mill, and also his millers. I reported favorably upon the claim, and allowing what he claimed. His duty was to find out whether the wheat had been taken. William Harrison went up to Fort's with me. I asked him to go with me, since he was acquainted with the Forts and I was not. After this visit, and just before or about the time of the dissolution of the firm of Paramore & Sowers, Harrison and myself went up to visit Sugg Fort at his home in Robertson County. I had then nothing to do, business being dull in the office, and as Harrison knew Sugg Fort well, and there was plenty of whisky there, we went on a fishing-expedition to his place. We remained with him two nights and a day. While here Sugg Fort told us that he had also a claim against the United States Government for flour taken from his mill; that he had not put it in at the same time with his wheat-claim, by advice of claim-agents, since one would damage the other. He said that he was going to have it made out soon. The impression on my mind was that he intended to give it to Sowers alone to prosecute. The firm of Paramore & Sowers then had or was about to dissolve. I do not remember that Sugg Fort stated the amount of the claim. I do not remember that he stated the circumstances of the taking or by what officer's order it had been taken. I think that he said it had been taken to Nashville on the cars. He happened to speak of the flour-claim from knowing that I had investigated his wheat-claim. At this time no plan or system or scheme was devised or resolved upon by us or by him and Harrison for making up or prosecuting this claim. After this he sometimes came into the office, and would then state that he was not yet ready to make up the claim. At no time and at no place did I ever advise or assist Sugg Fort in making up his claim for flour or as to how it should be made up, unless I gave him at some time printed instructions as to making up claims. All that I know or ever heard of this claim for flour was that it was a legal claim. I do not know nor did I ever hear of any scheme or plan made or devised in any way for prosecuting the claim. I do not know, nor did I ever hear of anything whatever, that would cause suspicion that the claim was fraudulent or fraudulently devised, schemed, or prosecuted. I never was with Lyons in Robertson County, nor do I know or ever hear of E. D. Lyons being in Robertson County. I never saw Lyons and Sugg Fort together, nor do I know that they were even acquainted. These are the only times that I ever visited Sugg Fort's place.

W. E. WADE.

Subscribed and sworn to before me this the 16th day of November, 1874.

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

WASHINGTON, D. C., November 16, 1874.

In the matter of the claim of Sugg Fort.

Statement of E. D. Lyons.

My name is E. D. Lyons. I am at present in the patent and rolling-mill business, and reside in Troy, N. Y. I became acquainted with Sugg Fort in 1868, I think, in Nashville. We were drinking, I suppose. It was a social acquaintance. I do not remember of investigating any claim that he had against the Government. I think I investigated his loyalty. I did not investigate for anything but the Quartermaster's Department. I think I found him loyal, upon the statements of the postmaster of Springfield, Robertson County, the collector of internal revenue, and several others whose names now escape my memory. This was in 1868 or 1869. His loyalty might have been investigated after a claim had been paid. Very often, where claims had been paid, charges would be made and the case would be referred back for re-investigation. I do not remember of his having a claim against the Government for flour. If I had anything to do with it, the facts will be found on file in my reports. I don't think I ever talked with a man named Bill Harrison about such a claim; am positive I never spoke about it with Wade, nor with Fort himself, nor with Moran. I never talked with anybody about flour except with Government officials. It strikes me I did talk with Sam Little about it, and I think I had orders from the Government to do so. I don't know what case it was. I think my talk with Sam Little was only about loyalty, but it is so long ago I don't remember. Sometimes I had commissary claims to look after, but they were very scarce; don't think I had any in that part of the country. I think Little told me that Sugg Fort was a good, loyal man, so far as he knew; that he had taken some of his property away; this must have been somewhere about 1869. I don't think I ever went to Sugg Fort's house. I went with a party of five from Nashville up to Robertson County once; there was going to be an election the next day. Sugg Fort was one of the party. Harrison was also there. Wade was not there. There were several others. I do not remember talking with Moran at the railway. I do not remember any one of the party telling Moran that we were going up to make up another claim for Sugg Fort. I am positive I did not hear that. I don't know when I first heard that Fort had a flour-claim. It was common talk around there that he had a large claim. I never heard that he had a flour-claim. This was in 1868 or 1869, when I was in Nashville. Couldn't say positively whether it was for wheat or flour, or anything else, but think it was a commissary claim. Never had heard anything about his having a flour-claim within the past year, until one day last week, when I heard it from Captain Sowers. He met me in the street and asked me if I knew anything about it, and I told him I didn't think I did. He said nothing. He did not tell me that the claim was under investigation. He did not tell me that he was going to testify in it. I think he made the remark that the claim was all right, as far as he knew, and some words passed about it which I now forget. It was merely a passing remark, and I paid no attention to it. I asked him when the claim was investigated, and he said in 1868, I think. I told him then that I didn't think of anything concerning the claim. That is about all that passed. It occurred last Friday, I believe. I have never until then talked with anybody about this since I had the conversation with Little in regard to loyalty. I do not think I ever knew anything of the nature of Sugg

Fort's claim before reading the statement of it which was submitted to me this morning. If I did, it is five or six years ago, and has passed out of my memory, which is very poor. Unless I investigated the claim for the Government I have no knowledge of it at all. I think I am sure of that. I never had anything to do with it, directly or indirectly. I have heard read the deposition of Moran in regard to what was said about my going up to Robertson County. It is all buncombe; there is nothing in it. If I went to Robertson County I went on Government orders with Government transportation. I did not tell him, nor did I hear any of the party tell him, that we were going up there to make up another claim. Fort's character and reputation for honesty and integrity are good, so far as I know. I am not much acquainted with him. He was a peaceable, orderly, law-abiding man. He was regarded as a sort of champion around that part of the country. I always understood that he had made all those friends by being loyal to the Union. I know nothing about Col. E. A. Fort, except that he was regarded as a good man there. I know nothing about Sugg Fort's pecuniary circumstances. I never saw him but two or three times; was not intimate with him while I was at Nashville; never saw him unless he was in company; had nothing but a speaking or meeting acquaintance with him. Harrison's character was poor; he was a pimp; he is dead. Wade's character at that time was very good, as far as I could see or judge. I was never much acquainted with him. I have glanced over a statement of Fort's claim in this office. I am prejudiced about those claims, and used to kill them by the thousand. I did not know anything about the situation of affairs there in 1862 or 1863, and never was at Fort's mill. I don't know General Robert B. Mitchell. I never spoke to him on any subject that I know of. I have heard of him, but only as I have heard of other officers. I have never been asked by any one to give a statement or evidence in favor of Sugg Fort.

E. D. LYONS.

Subscribed and sworn to before me, at Washington, D. C., this 17th day of November, 1874.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

DISTRICT OF COLUMBIA,
County of Washington, ss:

Personally appeared before me John Pratt, who, being duly sworn, deposes and says he was on duty at Nashville, Tenn., as captain and assistant adjutant-general United States volunteers, and that while on duty at Nashville, from December, 1862, to June, 1863, one Charles H. Irvin, assistant acting quartermaster, was in charge at said post of wagon-trains for hauling supplies in and about the city of Nashville and surrounding country.

JOHN PRATT.

Sworn and subscribed to before me this 21st day of May, A. D. 1874.
[SEAL.] JAMES E. WAUGH,
Notary Public.

OFFICE OF U. S. MARSHAL, TERRITORY OF NEW MEXICO,
Santa Fé, N. Mex., December 9, 1874.

DEAR SIR: I have to acknowledge the receipt of your communication of 16th ultimo, with stated inclosure, viz, "Statement of facts in the claim of Sugg Fort."

My absence from Santa Fé has prevented an earlier acknowledgment and reply.

The affidavit from myself which appears among the papers in the case, was made by me at the request of one Colonel Neil or McNeil, I think, as I remember his name.

I have an indistinct recollection of having a slight acquaintance with this Colonel Neil in Nashville, although the recollection came after his recognition of me in Washington, and his greeting as a former acquaintance at Nashville.

While in Washington, during the spring of this year, 1874, Colonel Neil meeting me on the street told me that he desired certain statements to perfect a claim that he was prosecuting in Washington.

These statements referred to affairs in Nashville in 1862-'63. I do not now recollect what the statements referred to were other than that occurring in my affidavit referred to by you. I told Colonel Neil that the fact of Lieut. C. H. Irvin's services as acting assistant quartermaster in charge of means of transportation was all that was in my knowledge and recollection of the matters about which he spoke to me.

The other matters alleged in his claim which he mentioned to me, but which I cannot now recall, were those of which I had no recollection, if they had ever been in my knowledge. I did not know anything of the truth or falsity of the allegations.

I was not urged in any way to make an affidavit containing additional statement to that in my affidavit above referred to. After stating that Lieutenant Irvin's service was of the nature mentioned, I told Colonel Neil that was all I recollected or knew of the matters mentioned by him, and the affidavit was closed without other statements, and I was told by Colonel Neil that the establishing of the fact of Lieutenant Irvin's official capacity at the time named was essential and important to the perfecting of his claims.

In regard to the probability or improbability of the several allegations contained in the memorandum of the "statement of the claim of Sugg Fort, &c.," I am unable to give a decided opinion, for the following reasons:

I entered upon the duty as assistant adjutant-general at Nashville, I think, about December 12, 1862. The headquarter-offices were in great confusion, hardly an intelligible record or paper being turned over from the former commandant; and there being a large amount of business to be done at once, both for the government of the city and care of the large garrison of troops, together with the forwarding of supplies, &c., to General Rosecrans's army, then advancing on Murfreesborough, I was constantly engaged, both in attending to matters demanding immediate action and organizing and instructing my clerks, and devising and putting in operation a proper system of records for the extraordinary affairs dealt with at the Nashville headquarters, as well as the usual amount of business for the large number of troops constituting the garrison there.

I not infrequently found that the general commanding had given orders on important matters personally, in the press of business, that had not been brought to me for record before leaving the headquarters. The office of the general was in a different part of the building from my own, so that, while I used every effort to have a record of all matters, it occasionally happened that something escaped me. From the great amount of business I had to attend to at Nashville, I adopted the plan of leaving nothing to my memory, but made memoranda

of everything demanding attention, and record of everything completed.

If I, as assistant adjutant-general for General Mitchell, ever issued orders for turning over flour to Captain Little, C. S., those orders will be found of record either in the book of "Letters sent" or of "Special Orders" for the Nashville headquarters for the dates named; those books, I suppose, are at the War Department in Washington.

I have a slight recollection that there was a large amount of bacon seized on one occasion, but do not know who gave the information that led to the seizure.

It is very possible that the interviews may have taken place with General Mitchell, and the orders may have been issued by him, as stated in the memorandum, without my knowledge, although I think that it is hardly probable that none of such orders should have passed regularly for issue from the assistant adjutant-general's office in accordance with military regulations.

I do not know that no such orders were issued through the office of assistant adjutant-general. If the orders were so issued they will appear of record as above stated.

Seizures of supplies were not infrequent in the vicinity of Nashville, but they were generally not of any considerable quantities.

I have replied to the special inquiries in your letter, and so far as possible complied with your request for a statement of probabilities in regard to the Sugg Fort claim, and remain,

Yours, very respectfully,

JNO. PRATT.

CHAS. F. BENJAMIN, Esq.,

Chief Clerk Southern Claims Commission, Washington, D. C.

JAMES W. CAMPBELL, having been duly sworn, deposes and says: The application to me to take testimony in matter of claim of Sugg Fort, of Robertson County, was made about three or four days before the testimony was taken. Mr. Sugg Fort at that time came into my room, and asked me to go to Robertson County, and take some testimony for him in a claim for commissary stores then pending before the Commissary-General at Washington. I don't think that he told me the items of the claim. This was the first time I ever saw him, and then saw him only a few moments. I agreed to go to Robertson County, Saturday afternoon, take it that afternoon and night, and come home on the morning train, which I did. Sugg Fort stated that H. H. Harrison had told him or written to him to have certain testimony taken in his claim before a United States commissioner. I knew nothing further than the above, why he had a United States commissioner to take the testimony rather than a magistrate in his own county. No one was present at the taking of the testimony except claimant, myself, and the witness being examined at the time. The other witnesses were not in hearing distance. The questions put to witness were put by myself and suggested by Sugg Fort, who at the time had some papers or documents in his hand, and from them he seemed to give me the idea of the question to be asked, and I then shaped it, and put it to the witness. The memory of no witness was refreshed during the examination as to names, dates, or events. As to them, I would not have allowed Mr. Fort to have suggested any. All dates seemed to be arrived at from the burning of the mill. I have no recollection that, either before or after the examination of a witness had closed, any omission, expansion, or change, or any-

thing of the kind was made, by mutual consent or otherwise; nor do I recollect whether any book, paper, or memorandum purporting to be an original contemporaneous record of the quantity of flour taken, was exhibited by any one during the examination; yet there may have been. Yet I have an impression that when the white man, I think his name was Adams or Edwards, gave his deposition, that he had a book of some kind before him, which I think he had kept while he was miller for Mr. Fort. I do not recollect for what purpose this book was used, nor do I recollect that when a question was put to him that he would refresh his memory or refer to the book. I have only an impression that he had such a book present, but do not remember anything whatever for what purpose he had it, or what he did with it while he had it with him. I do not know what the book was, but my impression is that it was an account-book used at the mill. I do not recollect that the witnesses had any peculiar appearance. I cannot tell anything about whether the witnesses testified as if their memories had been refreshed lately, or from recollection, running back to the time of the actual occurrences. I remember that Edwards or Adams, the miller, spoke of a man by the name of Pride that had been a miller for Sugg Fort, but I do not remember what he said about him. I do not remember hearing any of the other witnesses saying anything about any one else testifying in the claim, nor that Sugg Fort said anything about any one else testifying in the claim. I do not know whether or not it was intended to examine Pride, or why he was not examined. Pride was not present.

J. W. CAMPBELL.

Subscribed and sworn to before me this the 13th day of November, 1874.

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States,
Middle District of Tennessee.*

JERSEY CITY, November 21, 1874.

MY DEAR SIR: I am informed by your letter of November 19, last past, that the claim of Sugg Fort, of Robertson County, Tennessee, for 2,791 barrels of flour furnished, as was asserted by Mr. Fort, to the Army of the United States, has been allowed by the Commissary-General and paid. I examined that claim with great care, gave the claimant every opportunity to furnish evidence to sustain it, and reported adversely thereon. In my judgment there was no satisfactory evidence to sustain the claim. The report made by me went with all the papers. The report and papers were either left with the clerk of the committee, or handed to one of the assistants of the Clerk of the House. When the session of Congress was about to close, reports and accompanying papers in several cases were delivered to the assistant of the Clerk of the House, by direction of the Speaker, the committee not having an opportunity to report to the House. On the 23d of June, 1874, a motion was made to withdraw from the files of the House the papers in the case of Sugg Fort. Mr. Lawrence, chairman of the Committee on War-Claims, objected on the ground that there was an adverse report. In all the affidavits and depositions which were produced before me there was no distinct, satisfactory evidence from any source that any part of the flour set forth in the claim went to any commissary, quartermaster, or other officer or agent of the United States, or was used by the Army of the

H. Rep. 316—8.

United States. As this claim has subsequently been investigated by the Commissary-General, as you inform me by your letter, and as I have not seen the evidence on which the Commissary-General acted, which I presume was sufficient in his judgment to warrant his conclusions, it appears to me to be improper that I should state anything more than the result at which I arrived.

Respectfully yours,

I. W. SCUDDER.

CHARLES F. BENJAMIN, Esq.

[43d^o Congress, 1st session. House of Representatives. Report No. 763.]

Mr. I. W. SCUDDER, from the Committee on War-Claims, submitted the following report:

In the matter of the claim of Sugg Fort.

Sugg Fort, of the county of Robertson, in the State of Tennessee, claims that from December, 1862, to May, 1863, 2,791 barrels of flour, of the value of \$8.50 per barrel, were taken from his mill in the said county by the soldiers of the United States Army, and the same were used for supplies for the Army.

Mr. Fort, the claimant, says that the flour was taken from his mill by the forces of the Government of the United States at his request, that the same might not fall into the hands of the officers of the confederate government. A large amount of *ex-parte* evidence has been produced by Mr. Fort, which in a general way supports his claim. There is, however, no evidence from the Commissary Department of the United States, or from any Department of the Government of the United States, which tends to show that the said flour was received by the Army of the United States, or by any accounting officer of the said Army.

In the absence of any evidence in any Department of the Government of the United States that the flour of Sugg Fort was received for the use and benefit of the forces of the Government, the report on the said claim is adverse.

The evidence on the part of the claimant is not specific, either as to the amount of flour taken or to what officer delivered.

WASHINGTON, May 20, 1874.

DEAR SIR: Mr. Sugg Fort, who resided in Robertson County, near Fort's Station, on the Edgefield and Kentucky Railroad, about twenty miles from Nashville, Tenn., has a claim before the Committee on War-Claims for about three thousand barrels of flour, taken, as is said, from his mill by the United States forces in December, 1862. The War-Claims Committee want evidence that the flour of Sugg Fort, about the month of December, 1862, was taken and used by the Commissary Department. Capt. Samuel D. Henderson was the post commissary, as is said, and Capt. Samuel J. Little was the general receiving commissary at Nashville, Tenn. The claim is that this flour was sent to Nashville and was used by the Army. The facts, if any, which can be disclosed by a report from you touching his claim, are wanted by the committee. The flour, it is said, was taken by order of General Robert B. Mitchell.

Is there any evidence that the flour of Mr. Sugg Fort was taken and used by the Army?

If so, what was the amount so taken and used? Are there any re-

ports touching the taking of such flour of Mr. Sugg Fort by Captain Henderson, Captain Little, or by anybody else?

Yours, respectfully,

I. W. SCUDDER,
Member of Committee on War-Claims,
House of Representatives.

Hon. ALLAN RUTHERFORD.

TREASURY DEPARTMENT,
THIRD AUDITOR'S OFFICE,
Washington, D. C., May 21, 1874.

SIR: In reply to your letter of May 20, herewith returned, I have the honor to transmit inclosed statement.

Very respectfully,

ALLAN RUTHERFORD,
Auditor.

Hon. I. W. SCUDDER,
Member Committee on War-Claims,
House of Representatives.

Statement of flour received from Lieut. Chas. H. Irvin, A. A. Q. M., and from unknown sources, at Nashville, Tenn., by Capt. Samuel J. Little, A. C. S., during the months of December, 1862, January, February, March, and April, 1863.

Date.	From whom received.	No. of bbls. of flour.	From unknown sources.
Dec., 1862.....	Lt. Chas. H. Irvin.	1,546	None.
Jan., 1863.....	Do. Do.	11,892	Do.
Feb., 1863.....	Do. Do.	980	Do.
March, 1863.....	Do. Do.	None.	Do.
April, 1863.....	Do. Do.	Do.	Do.
Total.....		14,418	

I certify the above to be a true exhibit from the provision-returns of Capt. Samuel J. Little, A. C. S., for the specified time.

ALLAN RUTHERFORD,
Auditor.

TREASURY DEPARTMENT,
THIRD AUDITOR'S OFFICE,
May 21, 1874.

TREASURY DEPARTMENT,
THIRD AUDITOR'S OFFICE,
Washington, D. C., December 2, 1874.

SIR: In reply to your letter of the 1st instant, herewith returned, I have to inform you that the provision-returns of Capt. S. J. Little, commissary of subsistence, on file in this Office, show the amount of flour he had on hand September 1, 1862, received, purchased, issued, and had remaining on hand at the end of September, October, and November, 1862, and the source from whence received, as follows:

September, 1862:

	Bbls.	Lbs.
On hand from last return.....	1,339	92½
Received from Lieut. F. B. Landis.....	34	
Received from Capt. W. I. Kane.....	449	

	Bbls.	Lbs.
Received from Lieut. G. Dunbar.....	11	
Received from Lieut. C. C. Peck.....	1,398	
Received from Lieut. Henry Wendt.....	15	
Received from Lieut. B. McConnell.....	9	
Received from Capt. J. F. Huber.....	455	
Purchased from G. H. Wessell.....	36	
Purchased from F. B. Hastings.....	4	
Purchased from B. B. Connor & Bro.....	815	
Purchased from J. P. Hover.....	50	
Purchased from J. J. McCann.....	388	
Purchased from Gordon, Bourman & Co.....	730	
Issued, &c.....	5,733	92½
	3,479	27
On hand September 30, 1862.....	2,254	65½
October, 1862:		
Received from Capt. Henry Howland.....	33	28
Received from Lieut. Thos. H. Carson.....	80	
Manufactured from 199 bushels wheat.....	33	
Purchased from Lieut. B. F. Landis.....	41	
Purchased from Gordon, Bourman & Co.....	579	
Purchased from J. A. McAlister & Co.....	42	
Purchased from Wm. Lyon.....	264	141
Gained in issuing.....	59	55½
	3,386	94
Issued, &c.....	3,386	94
On hand October 31, 1862.....	None.	
November, 1862:		
Received from Capt. John Fry.....	713	
Received from Capt. Geo. W. Wiley.....	2,472	
Purchased from Lieut. B. F. Landis.....	41	
Purchased from D. D. Dickey.....	50	
Purchased from Thos. C. Mullholland.....	68	
Purchased from W. L. Harmon.....	52	
	3,396	
Issued, &c.....	1,464	23
On hand November 30, 1862.....	1,931	173
On hand December 31, 1862.....	3,225	28

Very respectfully,

A. M. GANGEWER,
Acting Auditor.

CHAS. F. BENJAMIN, Esq., *Present.*

Invoice of subsistence-stores transferred at Nashville, Tenn., this 31st day of December, 1862, by Lieut. Chas. H. Irwin, A. A. Q. M., to Capt. Sam. J. Little, C. S., viz:

		Dolls.	Cts.
106,548	barrels of pork.....	per barrel.	
	pounds of bacon.....	pound.	
	pounds of ham.....	do.	
	barrels of salt beef.....	barrel.	
1,546	barrels of flour.....	do.	
215,400	pounds of hard bread.....	pound.	
2,399½	bushels of beans.....	do.	
	pounds of peas.....	do.	
	pounds of rice.....	do.	
	pounds of hominy.....	do.	
	pounds of Rio coffee, green.....	do.	
	pounds of Rio coffee, roasted and ground.....	do.	
	pounds of tea.....	do.	

Dolls. Cts.

75,373	pounds of brown sugar.....	pound.
	pounds of white sugar.....	do.
	gallons of vinegar.....	gallons.
	pounds of sperm candles	pound.
	pounds of adamantine candles.....	do.
	pounds of soap.....	do.
	pounds of salt.....	do.
	pounds of pepper.....	do.

I certify that the above amount of subsistence-stores was received from Lieut. Chas. H. Irwin, A. A. Q. M., in charge of transportation at Nashville, Tenn., from December 22 to December 31, 1862, inclusive.

SAMUEL J. LITTLE,

Captain and Commissary Subsistence.

I certify that the within is a correct copy of certified invoice on file with account of Saml. J. Little, capt. & C. S. vols.

A. M. GANGEWER,

Acting Auditor.

NASHVILLE, TENN., November 30, 1874.

CHARLES F. BENJAMIN,

Washington, D. C.:

On Friday night, August the 12th, 1862, one span of the trestle-work at Red River was burned, but whether by guerrillas or by sparks from train is not known. Trains ran regularly on the road, meeting at the bridge, until the afternoon of the 21st (Thursday) of August, 1862, when a rebel force, some two or three hundred strong, captured the guard, burned the entire bridge, and the remaining portion of the trestle-work. This is taken from a Nashville daily paper, and is reliable, since it was obtained from passengers on train which went up and came back in consequence of the burning of the bridge, passengers not being able to cross the river.

Yours, respectfully,

JAMES TRIMBLE.

P. S.—A. V. S. Lindsley, then postmaster at Nashville, also remembered and stated the burning took place in August, 1862. He remembered it from the fact of the train returning and bringing back with it the mail.

Extract from the report of General Rosecrans to Adjutant-General United States Army, dated February 12, 1863.

After replenishing with ammunition, supplies, and clothing, they [his forces] moved on to Nashville, the advance corps reaching that place on the morning of the 7th of November, a distance of one hundred and eighty-three miles from Louisville. At this distance from my base of supplies, the first thing to be done was to provide for the subsistence of the troops, and open the Louisville and Nashville Railroad. The cars commenced running through on the 20th of November, previous to which our supplies had been brought by rail to Mitchellsville, thirty-five miles north of Nashville, and thence by constant labor we had been able to haul enough to replenish the exhausted stores for the garrison at Nashville, and subsist the troops of the moving Army. From the 20th of November to the 20th of December, every effort was bent to complete the clothing of the Army, to provide it with ammunition, and

replenish the depot at Nashville with needful supplies to insure us against want from the largest possible detention likely to occur by the breaking of the Louisville and Nashville Railroad, and to insure this work the road was guarded by a heavy force posted at Gallatin.

OFFICE OF QUINCY GAS-LIGHT AND COKE CO.,
(CORNER OF NINTH AND JERSEY STREETS,)

Quincy, Ill., November 16, 1874.

DEAR SIR: Yours of the 13th instant, inclosing postal card and statement of Sugg Fort, came duly to hand. I have examined Mr. Sugg's statement carefully and will say in reply that I have no knowledge whatever of this case. I was post-commander in Nashville but a few days, but was there some time in command of troops while Generals Negley and Mitchell were post-commanders. I am satisfied that no such an amount of flour reached Nashville during General Negley's administration, and if any such an amount was removed during General Mitchell's administration, he or the chief commissary-officer ought to know it, and whom it was received from. I was very often at General Mitchell's headquarters; he never mentioned to me anything about this large amount of flour. You say nothing about my returning this statement; I inclose it, however, as it may be of service to you.

Regretting that I am unable to furnish you information upon the subject-matter, I remain yours truly,

JAMES D. MORGAN.

CHARLES F. BENJAMIN, Esq.

P. S.—Upon reconsideration I have concluded not to return statement.—J. D. M.

OFFICE OF QUINCY GAS-LIGHT AND COKE COMPANY,
(CORNER OF NINTH AND JERSEY STREETS,)

Quincy, Ill., November 17, 1874.

DEAR SIR: I wrote you hurriedly yesterday, in answer to your favor of the 11th instant. On a more careful reading I am fearful that I did not answer as fully as I should have done. I will, therefore, add a few lines this morning to what I wrote you yesterday. I think it almost impossible for one man to have accumulated 3,000 barrels of flour during the time mentioned, as that whole country was well foraged out by both sides, rebel and Union. Then, again, vouchers were almost always given for property taken by order of an officer. My own order to my quartermaster was always to give vouchers, and if there were any doubts about the owner's loyalty, to write across the face of the voucher the fact. The man who could hide 3,000 barrels flour could, I think, hide vouchers for the same. Mr. F.'s excuse for not taking vouchers I think a lame one. Again, if that amount of flour was taken by order of any officer in command at Nashville, the fact must certainly be known to the officer giving the order, and to a number of others under his command. As I wrote you yesterday, I was a daily visitor at the headquarters of General Mitchell, and frequently attended to his duties, and I must say that I never heard a word about this flour matter. I will only add that I have never been called upon before to testify or furnish evidence in this case.

Yours, truly,

JAMES D. MORGAN.

CHAS. F. BENJAMIN, Esq.

OFFICE OF QUINCY GAS-LIGHT AND COKE COMPANY,
(CORNER OF NINTH AND JERSEY STREETS,)

Quincy, Ill., November 25, 1874.

DEAR SIR: Yours of the 20th instant is at hand, and I am somewhat surprised at its contents. From the tenor of your former letter I was led to suppose that the claim of Sugg Fort had not been paid, but was under advisement. It now seems that I was mistaken. Therefore it must be that you think that there may have been some collusion between Sugg and others. As regards General Mitchell, my acquaintance with him was an Army one, but that acquaintance led me to believe both in his honor and integrity. It is an old saying (whether true or false) that "every man has his price." One of our volunteer generals thought so, at least, when he earnestly requested to be relieved from post duty, giving as a reason, that he had been offered a large amount of money to violate his duty, and he was afraid the next offer might bring him; he therefore desired to be relieved from the temptation. In answer to your question, "What about great scarcity of supplies at Nashville between December, 1862, and June, 1863," I will answer that, during the administration of General Negley, Nashville was under siege, and we only had what we fought for. I was frequently in command of large foraging parties during the time, the men being, quite often, under half rations. During General Mitchell's administration supplies were more plenty. In conclusion, let me say that I think it strange that so large an amount of flour could have been saved during the period mentioned by any one party.

Yours, truly,

JAMES D. MORGAN.

CHAS. F. BENJAMIN, Esq.

REAL-ESTATE OFFICE OF GARRETT & PROPPER,
Eldridge House Block, Lawrence, Kans., November 2, 1874.

DEAR SIR: Yours came to hand a few days since, and in reply I would state that in 1862 I was assigned to duty in Nashville, and on General Mitchell's staff. I have no recollection of ever having any conversation with General Mitchell about flour or mill belonging to Mr. Sugg Fort. In compliance with instructions from General Rosecrans, I took possession of several large buildings on College street, and turned them over to Colonel Simmons, chief commissary of the Army of the Cumberland. Those buildings were filled with commissary-stores.

If there had been any amount of flour taken by the order of General Mitchell, I would have been advised of the fact. My wagon-master's name is Alonzo Huckins; his address is Leavenworth City, Kans. Mr. Huckins has been in the employ of General Easton for a number of years.

Yours, truly,

C. F. GARRETT.

Mr. C. F. BENJAMIN.

P. S.—I think it is not only a suspected claim, but a fraud.

REAL-ESTATE OFFICE OF GARRETT & PROPPER,
Eldridge House Block, Lawrence, Kans., November 28, 1874.

DEAR SIR: Yours of November 23 is at hand, and, in reply to your questions, I will try and answer to the best of my recollection.

1. The railroad-bridge was burned while General Negley was in command, and before General Buell made his retreat from Nashville to Kentucky. Buell's retreat was in September or October. After General Mitchell relieved General Negley, communication was never interrupted more than a day at a time.

2. The steamer Parthina and one gunboat were burned at Harpeth Shoals, while General Mitchell was in command at Nashville. I never heard of any other transports being burned.

3. I cannot account for the flour that Lieut. C. H. Davis had on hand. His address is, or was about three months ago, Marshall, Tex.

4. Mr. E. M. Reynolds I do not know.

5. General Mitchell was not in the habit of sending out foraging-trains. His lungs were in a fearful condition while in Nashville.

6. The communication between Nashville and Louisville was never interrupted more than one day at a time after General Rosecrans came to Nashville.

I will be pleased to answer any questions in the future that you may propound.

Respectfully,

C. F. GARRETT.

C. F. BENJAMIN, Esq.,
Washington, D. C.

OFFICE COMMISSIONERS OF CLAIMS,
Washington, D. C., November 29, 1874.

I sent a letter for you to Nashville some days ago, to be remailed to you to Texas, asking where you could have got the 14,000 barrels of flour and upward that Capt. S. J. Little, C. S., accounts for as received from you between December, 1862, and May, 1863, and which you do not take up on your returns. If you have not got the letter, please answer on this.

Respectfully,

CHAS. F. BENJAMIN,
Chief Clerk.

FORT GRIFFIN, TEX., *December 15, 1874.*

DEAR SIR: In answer to your postal card inclosed, you give me so little information that, in answering, I am obliged to guess your reason for asking.

I suppose this inquiry is made on account of a claim made by Sugg Fort, of Robertson County, Tennessee. I wrote to the Commissary-General about three years ago, denouncing this claim as a fraud out of whole cloth. If Captain Little has given any paper that would give this claim any color, it must have been given immediately before his death, when he was in fact insane. If your letter refers to this claim, write to me again, and I will, with pleasure, tell you all I know about it. It is a barefaced fraud, well sustained by affidavits of men whose position in our Army ought to have made them proof against any such temptation.

I feel deeply interested in preventing this fraud being consummated, as my certificate procured Mr. Fort payment for a just claim for wheat, and the facility with which he collected that claim has led him to suppose that he has discovered a gold-mine in the United States claim-business which he has ability enough to work to a successful issue.

In addition, I have always felt deeply the injustice of taking supplies from non-combatants, whatever their opinions, especially inside of our

lines, without compensation, and I consider every fraudulent claim paid as a real bar against the payment of many just claims.

Your obedient servant,

CHARLES H. IRVIN.

CHARLES F. BENJAMIN, Esq.,

Office Commissioners of Claims, Washington, D. C.

Affidavit of E. C. Brearley.

I am thirty-three years of age, and reside at Jacksonville, Morgan County, Ill. I am a lawyer by occupation. From September, 1862, until March, 1863, I was in the service of the United States as captain of Company B, Eighty-sixth Illinois Volunteer Infantry. I was stationed with my command in Nashville from December 1862, until March 13, 1863. I remember being at a mill* about eighteen or twenty miles out of Nashville, while on a foraging expedition. We went out there along a creek foraging two or three times a week. I don't think we went out more than twenty miles from Nashville. I think we went out on the Franklin pike. This was between January and March, 1863. I think I had sixty or seventy, or perhaps a hundred wagons in my command. I don't remember bringing in any flour—not a barrel; and I don't know that it was Sugg Fort's mill that I visited. I went out by order of my colonel. I never received any personal orders from General Mitchell about going there, and I did not make any personal report to him when I came back. The first I knew of this claim was seeing an article in a newspaper, stating that a fraudulent claim had been pushed through the Department for flour; that was, perhaps, six months ago, or longer. Parties have spoken to me about testifying in the matter and asked me what my recollection was, but nothing further has been said to me—whether I could recollect going out in command of a foraging party and bringing in about 1,200 barrels of flour. I do not know Sugg Fort, and he never spoke to me about it. I know General Robert B. Mitchell; he used to be my division commander. General Mitchell spoke to me on the subject; he said that he supposed I knew something about the seizing of some flour at a place in the neighborhood of Nashville, some miles away from there, as he knew I was senior captain of the Eighty-sixth Illinois when stationed at Nashville. Whether he called it Sugg Fort's mill or not, I do not know, but he spoke to me on that subject and called my attention to the time I was out on this foraging expedition that I speak of. Ordinarily our foraging expeditions did not extend as far out as that.† He asked me if I could recollect bringing in, under an escort of my troops, a number of barrels of flour approximating a thousand, perhaps, more or less, (I forget the number suggested,) and undertook to refresh my memory by giving me incidents; and, after a careful examination of the matter in my mind, taking several days to consider it, to try and refresh my memory, if possible, on a second interview with General Mitchell, I stated to him that I had no recollection of being engaged with, or in command of, any foraging expedition that seized any flour in, or in the neighborhood of, Nashville. That is the only conver-

* Deponent says he does not remember that it was a mill; it was some sort of a place, but he does not remember what kind of a place.—C. F. B.

† Referring to remark made by myself that the mill of Sugg Fort was thirty-five or forty miles from Nashville.

CHAS. F. BENJAMIN,
Investigating Agent.

NOVEMBER 5, 1874.

sation I have had on the subject. Nobody has asked me about the matter except General Mitchell, and I have repeated all that he said; I know nothing whatever about the claim. I know supplies were very scarce at Nashville at that time; we were on limited rations, because Wheeler's rebel command had fortified themselves at Harpeth Shoals, on the Cumberland River, and stopped our transportation coming up, and cut our railroad communications. I think that lasted four or five weeks.

E. C. BREARLEY.

Subscribed and sworn to before me, at Washington, D. C., this 5th day of November, 1874.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

NEWARK, N. J., November 28, 1874.

DEAR SIR: In reply to yours of 21st instant, I can only say that twelve years have blotted out from my memory some of the incidents of my clerkship with Captain Little, but this much I do recollect, that the large amount of flour seized by order of General Mitchell, came from Fort's or Ford's mills, as I understood it; also, that it came from Robertson County, Tennessee. I know nothing of any arrangement between General M. and the claimant, neither do I know if he was a Unionist or a rebel. I do know that we needed the flour badly, and if you can prove his loyalty, pay him by all means. I do not know the claimant; never saw him. General Mitchell asked me to make an affidavit in this case, which I suppose you now have.

I can refer you for further information to Mr. W. W. Henry, of Tracy City, Tenn. I think he was the clerk who received most of the flour from the wagons as it was brought in. He was a resident of Nashville previous to and during the war, and I suppose he took more interest in stores that were seized in and around Nashville. All the other parties who I think might aid you, are dead.

Very respectfully, yours, &c.,

T. J. WILSON.

Mr. CHAS. F. BENJAMIN,
Chief Clerk Commissioners of Claims, Washington, D. C.

In the matter of the claim of Sugg Fort, of Robertson County, Tennessee.

Statement of Thomas J. Wilson.

My name is Thomas J. Wilson. My age is thirty-one. My residence, 16 Broome street, Newark, N. J., and my business is that of a coal-dealer. I was in the employ of Capt. Samuel J. Little, commissary of subsistence at Nashville, Tenn., for about two years, or a little over, beginning in the fall of 1862, and ending some time in 1864. During the time I was so employed, I remember hearing of some flour that was seized and brought into Nashville for the use of the Army. As near as I can recollect, it was seized immediately after the time I went with Captain Little, that is, a part of it—during the blockade, and before General Rosecrans got there with his army. I cannot say how many barrels there were. There might have been two hundred, and there might have been a thousand. I recollect distinctly what I heard about it. I went down into the yard, and the wagons came into the yard and

the flour was unloaded, and I asked one of the teamsters where that flour came from, and he said from Ford's mills, in Robertson County. I don't know whether all that lot came from that place or not, as I only asked that one teamster about it. I don't recollect hearing of any other flour being seized subsequently to that and brought into Nashville. This was immediately after I went with Captain Little. I had been with Dr. Swift, the medical purveyor, before that time. I remember the fact of the arrival of General Rosecrans's army at Nashville, and of its remaining there a short while, (how long I cannot say,) and of its moving on to Murfreesborough. I do not recollect of any flour being brought into Nashville during that time, which had been seized or confiscated. I do recollect this flour coming into the yard, as I have stated, before General Rosecrans came there, and the fact that trains were then sent out to get supplies wherever they could get them. This was during the Negley blockade. After the Negley blockade was raised I do not remember of any other flour having been brought in as seized, although it may have been done. I could not say positively it was not. I never have heard that any such flour was received after that time, except when I heard it from General Mitchell. He told me it was so. He asked me if I recollected flour being seized. I told him that I knew flour was brought in from the country around about there—referring to this flour that was taken during the Negley blockade. That was the time I was speaking about, and I supposed he understood me so, as I told him it was right after the time I went with Captain Little, which was in the fall of 1862, and I think it was so stated in my affidavit. General Mitchell came to see me at my office in Newark, N. J., about four months ago. I did not know him when he came in, but he introduced himself as General Mitchell, formerly of Nashville, and stated that a man down there (I don't recollect that he mentioned Mr. Fort's name, but probably he did) had had a lot of flour seized by his order; that he was a loyal man, and he had never been paid for the flour. He stated the case as you gentlemen stated it in your letter to me, and said that it was of no pecuniary benefit to him, or something to that effect, but that he wanted to get the money for him. He said that he was working up the case for him as a matter of right, and did not expect to get anything himself. He then asked me if I would give my affidavit concerning the matter. I told him that I could not make an affidavit that would benefit him any, because it had gone out of my memory. He then asked me if I knew of a lot of flour being seized and brought in and turned over to Captain Little. I said yes; that I knew that there was flour seized and brought in. Then he wrote out that affidavit and asked me if I could swear to it. He wrote it out a little stronger than that, I think, in the first place, and I told him I could not swear to anything like that, and I told him what I could swear to, and then he wrote out this affidavit; this was the second one that he wrote out. I cannot say how the first one read, but there was something in it that I could not swear to. He said it was just merely a matter of form; that the claim would go through all right, but he thought he would get this affidavit in case he should have occasion to use it. He just wanted it in case they should require any further evidence, or something like that. He said that he had been over to see Captain Henderson, and had got a statement from him, but he did not tell me what kind of a statement Captain Henderson had made, or indicate the character of it. I think he said he found me out through Captain Henderson. This second affidavit General Mitchell drew up was written by him in pencil, and I copied it off in ink, and then swore to it before a notary. The paper annexed to this deposition (marked Ex-

hibit A) is the pencil copy made by General Mitchell. After I had sworn to the copy in ink made by myself, General Mitchell took it, and I have not seen it since, and do not know where it is now. General Mitchell has not written or spoken to me since that time, nor have I heard from him in any way whatever. He did not tender me any compensation for what I did, and I never asked him for any. I do not know Sugg Fort, and never heard of him before. I do not remember ever hearing Captain Little speak of him, or of any flour taken from him which had been turned over to Captain Little. The only time I ever heard Fort's name was when this teamster told me about the flour they were unloading in the yard, as I have already stated. The name, as I understood it then, was *Ford*. During the blockade, and immediately after Rosecrans's army got to Nashville, for a day or two we were short of provisions. I suppose his army staid there about a month, or perhaps longer. After his army left I do not remember any great scarcity of provisions, except occasionally we were short of certain articles; but there was no general scarcity so as to put us on half rations, or require us to send out in the country hunting for supplies, that I know of. I do not remember any successful breaking up of the railroad or blockade of the river after that time. There was a blockade before Rosecrans's army got there, and we could not get supplies up by the river or railroad; but if there had been any great scarcity after his army got to Nashville I should have been likely to have known it, and I do not remember any such state of affairs. Captain Little was the depot commissary, and all the supplies for the army were forwarded by him. I have not seen Captain Henderson in regard to this matter, and have had no conversation or communication with him in respect to it. I have seen him but once since I left Nashville, and that was four years ago. No other person besides General Mitchell has communicated with me regarding these circumstances. Captain Little is dead. I do not know where his retained papers are. I think it was later than May last when General Mitchell called on me as I have related. I do not know, and never did know, that any flour was ever taken by order of General Mitchell, and I had no other authority for so stating in my affidavit than his own statement to me at the time the affidavit was made.

THOMAS J. WILSON.

I wish to add to the foregoing statement that after receiving a letter from Mr. Benjamin, of the Southern Claims Commission, inquiring if I had any knowledge concerning the claim of Sugg Fort, and upon answering said letter, I sent a copy of my reply to General R. B. Mitchell, at Paola, Kans.

THOMAS J. WILSON.

All the foregoing subscribed and sworn to before me this 1st day of December, 1874.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Dept.

[*Exhibit A.*]

County of Essex and State of New Jersey:

Personally appeared before me, a notary public within and for said county and State aforesaid, Thomas J. Wilson, of lawful age, who, being first duly sworn, deposes and says: I am the same Thomas J. Wilson who was chief clerk in the office of Samuel J. Little, captain and commissary

of subsistence, stationed at Nashville during the winter and spring of 1862-'63. And during the time herein specified Captain Little received a large amount of flour for which there were no vouchers given to the owners of said flour, but receipted for the same to Charles H. Irvin, wagon-transportation quartermaster at that post, and will be so found in the returns of said Captain Little in the proper Department at Washington.

Affiant further says that all of said flour was taken by order of General R. B. Mitchell, then commanding the post and defenses of Nashville. The larger proportions of said flour was taken from north of the Cumberland River, and was informed and believed several thousand barrels were taken from Robertson County, Tennessee.

Questions to be answered by W. W. Henry, of Tracy City, Tenn., in the matter of the claim of Sugg Fort, of Robertson County, Tennessee.

1. Are you the same W. W. Henry who was, during the late war, in the service of Capt. J. Little, commissary of subsistence? If so, when did you enter his service, and when did you leave it?

2. Were you at any time stationed at Nashville with Captain Little; and, if so, when, and for how long?

3. While so stationed did you ever know or hear of Captain Little receiving a quantity of confiscated flour from Robertson County? If so, when did you know or hear it; how did you know or hear it; from whom did you hear it? Was there more than one lot, and how many lots? Was any of it from the mill of Sugg Fort? How much altogether came to Captain Little, and how much from Fort's mill? Why was the flour confiscated? Was any confiscated from loyal persons? Why was not the flour paid for? Was any request made for payment? Were any receipts given, and why not? What officers brought in the flour, and between what months were they engaged in bringing it in?

4. Was the flour taken by order of General Negley or General Mitchell, and how do you know and when did you hear which commander it was?

5. Since the war ended, have you ever talked with anybody, or corresponded with anybody, about the flour taken from Sugg Fort? If so, when, where, how many times, with whom? What was said or written by you and those with whom you have talked or corresponded, and how did the conversation or correspondence come about?

6. Did you ever hear Captain Little say anything about the flour taken from Sugg Fort; and, if so, when, where, and what did he say?

7. Did you ever know or hear of Captain Little accounting for 14,000 barrels of flour as received from Lieut. Chas. H. Irvin, A. A. Q. M., in charge of wagon-transportation; and, if so, do you know, and how do you know, where Irvin got the flour?

8. Do you know Sugg Fort, or did you ever know him; and, if so, when, where, and under what circumstances did you become acquainted?

9. Did you know, or hear, on which side Sugg Fort had his sympathies during the war? Do you know his reputation for loyalty or disloyalty during the war, and how do you know it?

10. Do you believe that Sugg Fort had 2,791 barrels of flour taken from his mill during the winter of 1862 and spring of 1863, by wagon-trains sent out from Nashville, for which he never got any pay or vouchers or receipts? If you do believe it, why do you; and if you do not believe it, why do you not?

11. Would thirty miles be an unusual distance for wagon-trains to go out from Nashville to bring in flour ?

TRACY CITY, GRUNDY COUNTY, TENN.,

December 1, 1874.

DEAR SIR : Below you will find answers to your questions :

1. I am ; entered the service of Captain Little, commissary of subsistence at Nashville, immediately after the battle of Stone River, and remained in the service until the fall (September or October) of 1866, Col. M. P. Small having charge at latter date.

2. Answered in former question.

3. Never heard of Captain Little receiving confiscated flour from Robertson County, nor any other place ; never heard anything said on the subject, nor do I know of any property of any kind being confiscated during the war.

4. Know nothing on the subject.

5. Have never spoken a word, written a line, nor received any message of any kind from any one about Sugg Fort or his flour.

6. Never heard Captain Little say anything about the flour taken from Fort.

7. Know nothing about the transaction.

8. Do not know Sugg Fort ; never heard from him or of him until your letter.

9. Have no knowledge of him whatever.

10. Have no reason to believe or doubt the justness of the claim.

11. Wagon-trains may have went thirty miles from Nashville during the time General Negley was in command and the Army was at Perryville, but I have no knowledge on the subject.

W. W. HENRY.

Sworn to before me this December 2, 1874.

W. H. CHAPPELL, J. P.

CHARLES F. BENJAMIN, Esq.

WASHINGTON, D. C., November 6, 1874.

DEAR SIR : In the matter of the claim of Sugg Fort, of Robertson County, Tennessee, now under investigation by Mr. H. H. Smith, clerk of the War-Claims Committee of Congress, and myself, as agents of the Treasury Department, it is stated by General Robert B. Mitchell, the former military commandant at Nashville, that you were among the persons who informed him that Mr. Fort was loyal to the United States. He states that Mr. Fort was at his headquarters one day when you yourself came in on business connected with your office as military governor of Tennessee, and that either he himself or Mr. Fort asked you if you knew the latter, and you replied that you did, and that Mr. Fort was a loyal man. General Mitchell has the impression that your business with him on that particular occasion was to ascertain why your passes as military governor were not respected by his pickets or outposts, but is not certain that the two occasions were identical.

It may assist you to remember, if you actually met Mr. Fort, as stated, and certified to his loyalty substantially as stated herein, if I mention that Mr. Fort is a resident of the vicinity of Fort's Station, formerly a miller by occupation, a person of about thirty-seven years of age at the present time, and a cousin and former partner of Col. E. A. Fort, a well-known citizen of Robertson County.

My associate agent and myself will thank you for at least a brief reply to this letter, stating whether your recollection agrees or disagrees with that of General Mitchell.

Very respectfully, yours,

CHAS. F. BENJAMIN,
Office Southern Claims Commission.

Hon. ANDREW JOHNSON,
Greeneville, Tenn.

GREENEVILLE, TENN., *November 10, 1874.*

The circumstances and facts as referred to in the proceeding letter at this time I have no recollection of whatever, and cannot, therefore, make any statement in regard to their accuracy.

Very respectfully,

ANDREW JOHNSON.

NASHVILLE, *November 6, 1874.*

I have no recollection whatever of having suggested to Sugg Fort, esq., that he make the acquaintance of R. R. Butler, and I am satisfied I never made any such suggestion. I felt no interest whatever in the success of Mr. Fort. I simply introduced the bill in the House providing for the payment of whatever amount should be shown by proof to be due him. He desired me to go before the committee, which I declined to do. It was not through my advice that he sought the acquaintance of my colleague, Mr. Butler.

HORACE H. HARRISON.

NASHVILLE, TENN., *November 29, 1874.*

CHARLES F. BENJAMIN,
Washington, D. C.:

1. Have called upon Robinson at Maxwell to see the commissary papers of Captain Little. He could tell me nothing about them. I then called upon Captain Little's widow, who referred me to another person, but he could not tell where they were. Mrs. Little then referred me to another person, but this person I have not yet succeeded in meeting.

2. Are you not mistaken about the Scotchman being at Bell's hardware-store? I cannot find such a store or such a man.

3. I have made diligent inquiry for Walter and Watkins—Dr. Newton Walter. I cannot hear of such a man. I have found a marketer living in Sumner County named James Watkins, but have not been able to see him.

4. Address of D. D. Dickey sent.

5. Peck and Cahill have heard nothing since payment to cause them to doubt Fort's veracity or honesty. Col. E. A. Fort claimed portion of insurance-money on ground that he had an interest in the mill-property; money paid, they think, alone to Sugg Fort, but why Colonel Fort withdrew his claim they do not know; are not positive that he did; all the papers have been withdrawn from their office by the companies which have since gone out of existence. Fort did not request them to withhold information of any kind; came into office under pretense of insuring some furniture; just as leaving asked whether United States officer had been to see them, and whether they had heard anything since payment to cause them to doubt his honesty or veracity.

6. Deposition of Dolan sent on.

7. Saw J. C. Stark, of Springfield, last Sunday personally; gave him a copy of the questions, and requested that he give me a written statement, which he promised to do. I have not yet heard from him. Stated that he did not remember ever having such books; but when going home, would examine and write statement. A railroad man has promised to give me, from memoranda, the exact date of burning of the bridge at Red River; will endeavor also to find other evidence of same fact. The party cannot give me the date before Monday or Tuesday next, when I will forward immediately.

I think it best that you return all my bills sent to you, and upon final disposition let me make out itemized account, embracing all items in one general account.

Yours, respectfully,

JAMES TRIMBLE.

NASHVILLE, TENN., *December 4, 1874.*

CHARLES F. BENJAMIN,
Washington, D. C.:

1st. In regard to the Scotchman reported to have been book-keeper at Bell's hardware store, I am sure that I have found the man mentioned by General Mitchell. This person was named James Ellis, an Irishman, who was book-keeper in the hardware establishment of James Woods, Yeatman & Co., directly opposite General Mitchell's headquarters on College street. James Ellis was a loyal man and was at Mitchell's headquarters often, but what he did there I cannot find out. Ellis died toward the close of the war, in 1864 or 1865. This information is reliable. I obtained it from Mr. James Woods, a man of the highest character.

R. F. Bell, the man who Mitchell states kept the hardware establishment, kept a grocery establishment a few doors above his headquarters, but on the same side of the street.

2d. H. G. Scovel, real-estate agent, states that a Dr. Newton Walton and William Watkins, his father-in-law, came to Nashville to live in 1869 or 1870; that in January, 1873, both returned to Kentucky, where they came from, and are now residing; post-office address, "Allensville, Ky." Scovel has their old home in Nashville, situated on Cherry street, left-hand side, between Cedar and Line streets, for rent. Fort stated that when in Nashville they resided somewhere on Cherry street, between Cedar and Line streets, but he did not know whether they were there in October last or not, nor did he know where they were at present. Fort also stated that it was William and not James Watkins.

3d. The companies in which the mill was insured are as follows: 1st, Washington Company, New York City; 2d, Home Company, New Haven, Conn.; 3d, Aetna Company, New York City; 4th, Pacific Company, San Francisco, Cal.; 5th, Home Company, Columbus, Ga. Agents are not sure as to the latter, and have no memorandum to ascertain. Each company's liability was for \$2,000. All except the latter have gone out of existence.

Mr. Peck states that he knows nothing, nor has he heard anything, to cause him to doubt, either before or after payment, the honesty or veracity of Fort, or any ground on which they could have objected to paying the insurance. Yet I am convinced in my mind that Mr. Peck himself thinks that there is something wrong in the matter. I cannot get him to say so, yet I judge so from his manner.

Mr. Peck further states that Harrison worked for him and at the same time was engaged in the claim business; that he often heard Harri-

son speak of a claim Sugg Fort had, but he cannot now remember what he said; he simply mentioned it as he did other claims in which he was interested as claim-agent. Mr. Peck did not know what the claim was for, whether flour or wheat claim.

4th. John Hugh Smith was, to my personal knowledge, a well-known Union man of high character. He was a man who, as a Union man, was classed among E. H. East, A. V. S. Lindsley, and such men. He was during the war mayor of Nashville, and appointed to that position by Governor Johnson, then military governor. What Smith stated could be relied upon. Yet I know personally, and have seen the associates of Smith during the war, and from what they state I am sure that Smith did not know Sugg Fort intimately, and that if he vouched for his loyalty, it was done in a general, indefinite manner, and not based upon personal knowledge, and, when carefully sifted, worth little or nothing.

Respectfully,

JAMES TRIMBLE.

SPRINGFIELD, *December 3, 1874.*

MY DEAR SIR: I ask you to excuse me for treating you so badly in thus withholding my answer. When I got home I received letters from friends in the district in reference to the congressional race, and I left home at once and have just returned. I entirely overlooked your request. I state, in answer to question of November 21, 1874, which is herewith inclosed, that I never had in my possession, nor have I now, any such books as asked about in your letter; nor have I any information of any sort upon such subject.

Your obedient servant,

JO. C. STARK.

JAMES TRIMBLE.

SPRINGFIELD, TENN., *November 28, 1874.*

DEAR SIR: On my return home from Clarksville chancery court, I find your letter of inquiry of the 23d instant. It affords me pleasure to respond and to furnish you with such desired information on the subject as may be within my knowledge.

In response to your second question I have to state that, about the latter part of September, 1874, Sugg Fort was at Springfield, and called in my office on business; and on learning he had a book with him which it did not then suit him to take away with him, I suggested that he leave it in a drawer there, which he did, and it has remained there since. I had no occasion to examine it, but merely understood from him that it was a cash-book. Since reading your letter to-day, I have examined and find that it was a cash-book, and contains various entries of cash received and cash paid out—aggregating very large amounts—and the dates ranging from 1857 to 1871, inclusive. This is the only book of his ever left in my possession. This is a full answer to your questions.

Very respectfully, yours,

JNO. E. GARNER.

JAMES TRIMBLE, Esq.

UNITED STATES INTERNAL REVENUE,
Raleigh, N. C., December 3, 1874.

DEAR SIR: Upon my arrival here, yesterday, I received your letter of the 25th ultimo. I am sorry not to have seen you while in Wash-

ington, as I could give you a better opinion of what I think of the claim of Sugg Fort than by writing, and I presume this letter will not reach you in time to be considered in your report.

When I was engaged in the examination of claims in Tennessee, my attention was called to the fact that this man Fort had been paid a claim of \$40,000 for wheat or flour, and I also found, upon inquiry, that Fort was not only extremely disloyal, but that the claim was largely overestimated and of very dubious character. I addressed a letter to the Quartermaster-General, inquiring if such a claim had ever been paid Fort, intending to gather all the evidence I could, should the answer of the Quartermaster-General be in the affirmative, but up to the time I quit that department no answer was received, in fact has never been received; consequently I never looked further into the case. I have no personal or positive information relative to the Fort claims, but from the acts elicited by me, from inquiries made at the time of which I speak, I am satisfied, first, Fort was disloyal; and, second, his claims (or claim) were fraudulent to a certain extent at least.

It might seem peculiar that he should not have made claim at one time for all his losses. The fact is, nearly every claimant who was successful in procuring the payment of one claim, immediately set to work getting up a second, and in nearly every such case, of which I have knowledge, the claims made up subsequent to the payment of the first one presented were either largely overestimated in quantity and prices, or were unjust charges or base frauds. My mere opinion on this case may be of no weight, but I cannot help expressing my belief that the first claim of Mr. Fort ought not to have been paid under the law then in force, and the second one I believe to have been entirely fraudulent.

I regret now that I did not continue my investigations relative to this man Fort, as I should be pleased to give you definite information concerning the case on which you are engaged, as I am always anxious to protect the interests of the Government, and in this instance I firmly believe the same has been defrauded.

On my last visit to Washington, I arrived there on Saturday, and was busy all that day, and left at 7 a. m. on Monday morning. I will endeavor to call upon you on my next visit.

I remain, yours truly,

JAMES C. WHEELER.

CHARLES F. BENJAMIN, Esq.,
Washington, D. C.

OFFICE OF COUNTY COURT CLERK,
Robertson County, Springfield, Tenn., October 28, 1874.

STATE OF TENNESSEE, *Robertson County*:

I, John Y. Hutchison, clerk of the county court of said county, do hereby certify that Sugg Fort, of said county, was assessed for State and county tax for the year 1870, and that the following property was assessed to him, to wit, "285 acres of land, valued at \$3,420, and that Sugg Fort & Co. was also assessed for same taxes same year, and they were assessed with the following property, to wit, 66 acres of land, valued at \$330, and one mill, valued at \$3,500. Sugg Fort was also assessed for taxes for the year 1874, with the following property, to wit, 330 acres of land, valued at \$6,178. Also, Sugg Fort & Co. was assessed for taxes for year 1874, with the following property: 16 acres of land, valued at \$625."

In testimony whereof I have hereunto set my hand and caused the seal of the court to be affixed, the day and year above written.

[SEAL.]

JOHN Y. HUTCHISON, *Clerk*.

Revised Statutes, article 564, says: "All property shall be assessed at the same value at which it ought to be appraised in payment of a just debt, in cash, due from a solvent debtor."

Section 556 says: "In estimating the value of saw, grist, and other mills. * * * * the annual gross income of the same, their location, and other sources of value shall be taken into consideration."

Section 566 is amended as follows:

"That section 566 of the Code be so amended as to read that the same shall be valued together with the real estate to which it adds value."

In the matter of the inquiry into the claim of Sugg Fort, Robertson County, Tennessee.

Statement of Charles C. O'Neill.

I am forty-two years of age; reside in Washington, and am an attorney and claim-agent. I know Sugg Fort, the claimant, intimately; have known him since 1867 or 1868. I cannot say that my present relations with him are either friendly or unfriendly. We have had unfriendly relations, however, growing out of our connection with each other as attorney and client; and I therefore testify unwillingly in this case, and only because I have been summoned. I became his attorney in the case March 18, 1873. I have had some talk with General Robert B. Mitchell about the claim, and also with his adjutant-general. I don't remember anybody else with whom I have talked about it. The claimant stated to me that in December, 1862, he went to General Mitchell's headquarters at Nashville, and requested him to come to his mill and take flour, in order to prevent the rebels taking it; that he rode out with the officer who was detailed in charge of a large wagon-train and escort to take the flour. He said he did not know the officer's name, but that he rode beside him all the way out, and just called him captain. He said he received no receipts for the flour, and gave as a reason why he did not, that he was afraid the rebels would find out that he had taken receipts or sold his flour to the Government, and that they would come and burn up his mill, and possibly his dwelling-house. For the same reason, he said, he did not get any vouchers, for fear the rebels would find it out on him. He went on to state to me that they continued to come out and get flour for four or five months, commencing in December and stopping in May. This conversation occurred last winter, a portion of it before Congress met and a portion of it after Congress met. He made the same remarks to me four or five different times; but that portion of the conversation in which he explained why he had no receipts or vouchers, was in March, 1873, before he filed his claim with the Commissary-General. He first mentioned the name of General Mitchell to me in March, 1873, when he took the case from Mr. Sowers and turned it over to me. At that time he stated he would prove the facts by General Mitchell. I can't say positively when I first saw General Mitchell in connection with this claim, but he came here shortly after the opening of the last session of Congress, and I saw him then for the first time in reference to this case. He then stated to me that the property was taken under his direction; that he had made a detail of men, with a wagon-train, and directed them to go to claimant's mill and to bring in the flour. I asked General Mitchell who had received the flour, and he replied

that he did not know; that it was turned over to some commissary, he could not tell who, but that he thought it was Henderson who received it. He merely stated to me that the claimant came to him and wanted him to go and bring that flour in, in order to prevent its falling into the hands of the rebels. He made no mention at that time of any proposition that the claimant made, to have the flour seized and no receipts given for it. After those letters were received by Judge Harrison stating the case to be a fraud, I had no further connection with the case. The claim was returned from the Commissary-General, and I handed the papers to the claimant. I withdrew the papers from the Commissary-General December 12, 1873. The claimant then went to Judge Harrison, so he told me, and had a petition drawn and presented to Congress. While the matter was before Congress he frequently asked me to go to various members and use my influence to get the case taken up. I went to a few, but as soon as I found the condition of the case I withdrew from it altogether—I mean at the time it was reported as a fraud by D. D. Holman. While acting as attorney in the case, both Fort and Mitchell asked me if I knew the names and present residences of some one or two clerks of quartermasters or commissaries, mentioning the offices they had filled. Until I heard of these letters written by Holman I had no reason to suspect there was any fraud in the case. At the very start the claimant said that Mitchell was the authority to prove the claim. After the payment of the claim the claimant told me, on the morning of the 4th of July last, (the day we had a little difficulty,) that he had received a dispatch from his wife to the effect that the money sent her had been all received safe. He didn't say how he had sent it to her. He told me that he was to pay General Mitchell \$800 and expenses. He also said that Sowers owed him \$800 that he had advanced him to get testimony in his case. I find the following memorandum in my note-book, under date of April 25, 1874: "Advanced General Robert B. Mitchell \$50, on account of a payment on behalf of Sugg Fort, who is now very sick. In the presence of Mr. McFarland." He told me he was going to give that money to the secretary of Mr. Scudder, who was a subcommittee in charge of his claim. I don't know who he is, and never heard his name. I know that General Mitchell, in addition to being a witness, went about enlisting all the friends he could in support of the claim and tried to help the case through Congress. I saw him with a member of Congress from Ohio frequently, and he always said he was getting him to work for him in behalf of Sugg Fort's claim. I asked the claimant why he had delayed the presentation of his flour-claim so long, and he said he had been instructed by his attorney, Mr. Sowers, not to propose it, as it would bias his wheat-claim, or might injure it and get it thrown out. The only papers I ever had in my possession were those prepared under the act of [July 4?] March 4, 1864, on a printed blank form. I told him how to prepare his testimony for Congress. I advised him to get an enabling act passed allowing him to go before the Court of Claims, but never advised him to go to the Court of Claims without an enabling act.

CHAS. C. O'NEILL.

Subscribed and sworn to before me this 11th day of November, 1874.

CHAS. F. BENJAMIN,

Investigating Agent, Treasury Department.

DECEMBER 4, 1874.

Additional statement of Charles C. O'Neill.

I have read over the statement made by the Hon. R. R. Butler in connection with the claim of Sugg Fort. In regard to the statements therein made concerning my interviews with him, I have this to say: That I never said to him that I knew of Mr. Fort's being embarrassed pecuniarily. On the contrary, Mr. Fort told me that he had plenty of bonds, and that he had been purchasing bonds for his father after he had come to Washington. He always held out to me the impression that he had a plenty of money, and I, therefore, could not have told Mr. Butler that he was embarrassed. Neither did I ever tell him that the claim was a just one, and I do not recollect giving him a history of the case, except that I may have told him that General Mitchell was the principal witness in the case. Mr. Butler told me that Mr. Fort offered him \$500 for his services in aid of the claim. He did not qualify his statement by saying that it might have been more or less. He said that it was offered to him personally for his expense and trouble in the matter. He did not say it was offered to help defray the expenses of his campaign. I never spoke to Mr. Butler more than once or twice about this claim, and never talked with him over five minutes about it at any one time. I feel certain that I never gave him such a full history of the case as would enable him to make up his mind whether the case was just or not. I do not remember ever speaking to Congressman Nunn, of Tennessee, about the case. Mr. Butler told me about the five hundred dollars being offered to him by Mr. Fort within a few days—the second day after he came here.

CHAS. C. O'NEILL.

Subscribed and sworn to before me, at Washington, D. C., this 5th day of December, 1874.

HENRY H. SMITH,
Investigating Agent, Treasury Department.

A. A. SHISSLER, being by me first duly sworn, deposes and says:

My age is thirty-four; my residence, 1015 New York avenue, Washington, D. C.; and my occupation, a clerk in the Third Auditor's Office, Treasury Department. I do not know Sugg Fort, of Robertson County, Tennessee, and have no recollection of such a man; remember, from a letter from a member of the Committee on War-Claims inquiring as to a previous claim settled by this Office, that a man of that name had a claim for supplies alleged to have been taken from him by the United States Army during the late war; have no other knowledge of the case; do not know General Robert B. Mitchell; have no remembrance of any person ever making inquiry of me as to the whereabouts of General Mitchell. If a person had inquired of me as to the location or address of General Mitchell in 1870, '71, '72, or '73, I could have ascertained it officially or referred the inquirer to the proper source of information. Am confident that I never had any conversation with Sugg Fort in regard to his claim or the whereabouts of General Mitchell.

A. A. SHISSLER,
Chief of Collection Division, Third Auditor's Office.

MAURICE MORAN, having been by me first duly sworn, deposes and says :

My name is Maurice Moran ; I am thirty-nine years of age ; I reside in Nashville, Tenn. ; I am a watchman on the Louisville and Nashville Railroad ; before the war I lived in Clarksville, Montgomery County, Tenn. ; in 1864, I moved to Nashville, where I have resided ever since. I knew, when I met him, Mr. Sugg Fort, ever since the year 1859. He was then living in Robertson County, and I sometimes saw him in Clarksville. I often saw Sugg Fort in Clarksville, in 1861 and in 1862, when he was there trading in and selling mules and stock. In the fall of 1862, until Christmas, I saw him in Clarksville while the United States troops were absent from the town. He then sold to Samuel Johnson, or his brother, Joseph Johnson, some mules. I do not know how many. These brothers were then engaged in getting up teams, and filling them with goods of different kinds and sending them south, inside of the confederate lines. I knew they were doing this from the fact that Joe told me so, and wished to hire my wagon for the purpose. I sometimes saw Joe Johnson and Sugg Fort together at this time ; I also about the same time saw Sugg Fort on the street with James Carter, of Clarksville. James Carter was then a most violent rebel, and was in favor of shooting and hanging all the Union men in the country ; and was at this time also engaged in getting together and shipping inside of the rebel lines, also, the goods he was able to ship. At this time, from his associations, Sugg Fort was regarded and looked upon by all the Union men as a rebel. I also learned from other sources that Sugg Fort was a bitter rebel. After I moved to Nashville in 1864, I saw Sugg Fort on the street, but never spoke to him. In the year 1869 or 1870, Sugg Fort came back from Washington with one Somers, a claim-agent ; after this I saw him quite often, and came to know him quite intimately, and had quite a number of conversations with him. I would often see him with one E. D. Lyons, a Government agent for the War Department, and William Harrison, a claim-agent. In 1870 or 1871, one evening, Fort, Lyons, and Harrison came down to me at the railroad, and said that they were going out to Robertson County to make out another claim for Sugg Fort against the United States Government ; that he had just been paid one. All of them seemed to be drinking pretty freely. In the winter of 1874, or thereabouts, Sugg Fort came to me with the names of some parties who, he said, wanted me to use my influence with Stephens to pass the claims. I said something about their not being loyal or something of the kind, when he replied that that made no difference ; that why could not Stephens, the Government agent, be managed as Lyons was ; that he, himself, had been paid ; that he had been a rebel, and that he had voted in favor of the ordinance of secession of the State, yet he had been paid all right. At this same time, being the night that Sugg Fort went to Washington to see about his claim for flour, he told me that one Holman, at Springfield, had offered or agreed to recommend the payment of these claims to Stephens, provided he, Holman, received \$400. In one case a wagon and team of mules, and notes of the parties, in the other claims for certain sums, Holman being a Union man and one in whom Stephens trusted. Sugg Fort showed me letters signed and written by Holman to this effect ; at least Holman's name was signed to it, and the letters written in the same handwriting. But I do not know that Holman wrote them, since I do not know his handwriting. In this same conversation Sugg Fort begged me three times to attempt to bribe Stephens to act favorably upon these claims. These

letters were handed to me, and I was given to understand, though by Sugg Fort, that the letters were genuine. The letter of mine filed by Sugg Fort in his claim for flour, was written in reference to these three claims, and not in reference to the claim of Sugg Fort himself. These claims referred to were the claims of E. A. Fort, J. C. Stark, T. H. Gardner, and Mary A. Sugg.

M. J. MORAN.

Subscribed and sworn to before me at Nashville, Tenn., this November 11, 1874.

[SEAL.]

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

JOHN D. DOLAN, having been by me first duly sworn, deposes and says :

My name is John D. Dolan. I am sixty-one years of age. I reside in Nashville, Tenn. I am a laboring man. In the fall of 1862 and during the year 1863 I was residing in the city of Nashville, Tenn. During the summer and fall of 1862 I was employed and engaged most of the time by General Truesdale, chief of detectives at Nashville, in procuring and buying provisions and supplies for the army of General Rosecrans, then near and around Murfreesborough. I chiefly purchased potatoes, turkeys, butter, &c. I also furnished the same supplies to the hospitals in Nashville. In getting together these articles at this time I went into and through the counties of Montgomery, Cheatham, and Robertson. I always traveled by pike, and hauled in all the articles in wagons through these different counties. I commenced getting together these articles, and was engaged for some eight months in this employment. I was stopped some time in the spring or fall of the year 1863. During these eight months I was continually through these three counties. In the fall of 1862 and in the spring of 1863, at the same time I was hauling the other articles, I was hauling in my wagons, to Nashville, flour. This flour I purchased from some mill, I do not remember whose—two hundred and fifty barrels of flour—for which I paid \$5 and \$5.50 per barrel. I hauled this in wagons to Nashville, and in reaching Nashville I was compelled to pass through these three counties of Montgomery, Cheatham, and Robertson. When hauling this flour and, in these different counties, I frequently made inquiry as to the persons or millers in these counties who had flour for sale. When making these inquiries I was near and around Springfield and Fort's Station, Robertson County. While in this section of country, as in the other counties, I frequently, and of many persons, made inquiry of the different millers who had flour for sale. I was then buying up and hauling to Nashville flour for speculation. During all this time, while so inquiring, I heard of Watson & Weatherford, Moody, and others, but I never once heard of Mr. Sugg Fort and his mill and his having on hand any flour at all. It appears to me probable that if Mr. Sugg Fort had on hand a large amount of flour that I ought to have heard of it while I was making inquiries, and I think that he could not have had it without my hearing of it; but he might have had it without my hearing of it. During the fall of 1862, when I was hauling with my wagons, neither they nor my mules were ever harmed or interfered with by any guerrillas in the country. In the fall of 1863, after, I was interfered with personally by the guerrillas, but even after that I was still hauling flour by wagons, and they were not harmed. During the fall I was not at the

mill of Mr. Sugg Fort nor at any subsequent time ; but while near the mill and in the surrounding country, as above stated, I never heard of Mr. Sugg Fort having any flour at all, nor did I ever hear of his having any until I heard of his claim. I do not know anything whatever about the claim of Sugg Fort ; I never heard of it until about one month since, when I heard M. J. Moran speak of it. I do not know Mr. Sugg Fort by sight, even. I never heard him speak of the claim nor any one else, except Moran. I know nothing whatever as to the circumstances of the taking or who made up the claim until Moran told me of it.

JOHN D. DOLAN.

Subscribed and sworn to before me this November 24, 1874.

[SEAL.]

JAMES TRIMBLE,

*Circuit Court Commissioner of the United States,
for the Middle District of Tennessee.*

ROBERT F. PATTON, being first duly sworn, deposes and says : My age is fifty-six years ; my residence Springfield, Robertson County, Tenn., and my occupation deputy collector of internal revenue. I have known Sugg Fort not much more than a year, and not intimately. In November, 1862, I was living on the White's Creek pike six miles from Nashville toward Port Royal, and continued to live there till the fall of 1863. During that time the wagons of Watson & Weatherford used to pass my place toward Nashville loaded with flour. My place was a stopping-place at night for their trains, and sometimes flour was unloaded and left with me, in my yard and school-house, till the price suited at Nashville, and then the flour was reloaded and taken on. In the winter of 1862, and spring of 1863, my school-house, about 50 by 20 feet, was filled two or three tiers deep with flour belonging to Watson & Weatherford, some coming in and some going out all the time. Between me and Nashville the road was always good, but toward Port Royal the road was sometimes impassable. Hence while the road was good, they saved time by hauling only as far as my place, and when the dirt-road was bad, prices would be higher at Nashville, and they could take their accumulation of flour at my place and haul it easily to Nashville. I never knew or heard of any other teams, private or Government, traversing the road to Nashville with flour, and unless they took a roundabout and unusual road by way of Ashland, Cheatham County, they must have passed my house. I was pretty active and knew just about all that was going on. Forage trains used to come out from Nashville to gather up supplies along the branches of White's Creek, but these trains didn't go farther toward Fort's or Watson's mills than Paradise Hill, for the reason that the country was very poor beyond there and they got plenty of supplies on White's Creek. Never heard of a foraging-train going over to Red River. They did get a considerable quantity of flour from Webber, a miller on White's Creek. The constant movement of trains and troops along the road kept us all on the alert, and very few things took place that the whole neighborhood didn't hear of them. Other persons, living on the road, were Timothy Manlove, the Lanier family, Fielding, a wagon-maker on White's Creek, the tenants of Whiteman's paper-mill, and several others now dead. Anybody, wishing to visit these people and others along the road, should start from Edgefield, and go along the White's Creek pike. I don't think it possible that Government trains could have been passing back and forth between Nashville and Fort's mill, getting flour and escorted by troops, without my knowledge. I never heard from Watson &

Weatherford's drivers, or from anybody else, that the road was dangerous, or that any molestation took place. My recollection is that the railroad was generally in running order. My recollection is that flour was plentiful enough at Nashville—not more than six or seven dollars a barrel. D. D. Dickey, now of Nashville, was a dealer in flour, and would know what the price was at the time stated herein. If a train of empty Government wagons started from Edgefield early in December, and got within eight miles of Fort's mill between 11 o'clock in the morning and before dark, they would have to travel hard, and not make a long stop for dinner on the way.

R. F. PATTON.

Sworn to and subscribed before me, at Springfield, Tenn., this 28th day of October, 1874.

CHAS. F. BENJAMIN,
Investigating Agent, Treasury Department.

SAMUEL WATSON, being first duly sworn, deposes and says: I am sixty-seven years of age; my residence, Nashville; and my occupation a manufacturer. I have resided at Nashville nearly fifty years; have known Sugg Fort fifteen years, but not intimately. I have no knowledge as to his position, but never heard him spoken of as a Union man during the war; never knew or heard of any outrage committed on account of the Unionism of any person in Robertson County. I was the owner of a mill on the Red River, about three miles from Sugg Fort's mill; never heard that he owned but one mill, and that in partnership with Col. E. A. Fort; Sugg Fort's mill was not as large as mine, and had less capacity; it is very doubtful if he could have made one hundred and twenty barrels per day, with two sets of hands running night and day. There was no danger in hauling flour between our mills and Clarksville, but there was some danger between our mills and Nashville, in the fall and winter of 1862 and 1863; we were hauling all the winter of 1862 and 1863 to Nashville, and our teams were never molested. I should consider that there was more danger and risk in accumulating flour during that period than in hauling it to Nashville to market. From my knowledge of Sugg Fort's business and circumstances, and the situation of affairs in Robertson County, I do not think it probable that he could have had 3,000 barrels of flour on hand in the fall of 1862. I should have probably heard of it if he had that amount; but it was possible for him to have that amount without my knowing it. I think he was not doing much work at that time. At that time 15,000 bushels of wheat was a large amount to hold or purchase; he could have got that amount if his mill had been the only one in operation. At our mill we could turn out between seventy-five to one hundred barrels a day, running night and day without stoppages or doing custom-work. I knew E. M. Reynolds, now deceased, who lived in Nashville at the beginning of the war; he was a broker and negro-trader. I think he was a Union man. I have no knowledge that Government authorities seized or took any flour from Sugg Fort in 1862 or any other time during the war. I should have heard of it if 2,800 barrels of flour had been taken from him by the Government. I was attending to milling business entirely then; my partner, Mr. Weatherford, living at the mill, and I remaining here receiving it, attending to sale, &c., and buying wheat. I was in the current of information as to that trade, and would have naturally heard of it if that amount of flour had been taken from him. I do not think the property of Union men was in any danger from rebel neighbors during

the war in that vicinity; but there was of course danger from wandering guerrilla bands. The most of my property was in Cheatham County, adjoining, and was as much exposed as any property in Robertson County, and I never lost anything but a mule; my partner, Mr. Wetherford, sympathized with the South, but took the oath of allegiance, and from that time he was entitled to the rights of a Union man. I think Sugg Fort's reputation was good; did not know him intimately; never heard anything against him except in connection with the prosecution of his claims against the Government.

I should say, from my knowledge of the road, that Mr. Fort would haul his flour from his mill to Nashville over the same road that our flour was hauled, and that if Government wagons should go to Fort's mill and take his flour, that in returning to Nashville they would come over the same road most of the entire distance. Our teams were constantly on the road, going to Nashville with flour or returning to the mill during the fall and winter of 1862, and January, February, and spring of 1863; and the drivers of our teams would certainly have seen or heard of Government trains going to or returning from Fort's mill. I made my sales of flour to the Government openly, and I had no reason to apprehend at that time (winter of 1862-'63) that I was thereby endangering my mill or other property. With reference to supplies of flour in Nashville during the war, I will state that only once did the price of flour become extravagantly high, and that during the latter part of the war. The firm of Cheatham & Ward, of Nashville, who sold flour for us at that time, can tell definitely. A confectioner by the name of Wessel, on College street, and Simmons, a baker, corner of Church and High streets, could tell as to the price of flour. Communication with Nashville was by rail occasionally interrupted, but not by river. Our mills were in operation during the war uninterruptedly under Government permits, and I never heard of permits being given to any other mills or millers in that section. I do not think that at any time during the war—except on one occasion, and that during the latter part—that the prices of the staple articles of food were so high as to indicate a scarcity, and that was for a very short time only; I think when Hood surrounded the city.

SAMUEL WATSON.

Subscribed and sworn to before us at Nashville, Tenn., this 29th day of October, 1874.

HENRY H. SMITH,
CHAS. F. BENJAMIN,

Investigating Agents, Treasury Department.

SAMUEL F. MITCHELL, being first duly sworn, deposes and says:

I am 68 years old; live near Sadlersville, Robertson County, Tenn., and by occupation a farmer. I have known Sugg Fort pretty well for about 25 years; am on good terms with him. I believe he is an honest, truthful man. I believe he stands as well as anybody in the community. I don't know that he had a large quantity of flour in the latter part of 1862. He might have had. If he had told me that he had 3,000 barrels on hand, I should have wanted an explanation of his holding so much. If it had been my case, I would have run the risk of having my mules stolen by the gangs of thieves rather than risk accumulating 3,000 barrels of flour. The risks I have in mind are that the Federal Government might have taken it without paying for it, or that the bands of robbers might have destroyed it. I have never heard to

this moment that Mr. Fort had any agreement of any sort, public or private, to put his flour into the use of the Federal Army, though he might have had. I have never heard till now that any flour was taken from Mr. Fort's mill by Government wagons. I didn't live on the road from his mill to Nashville. After thinking carefully, I believe that Mr. Fort could easily have found 15,000 bushels of wheat in the fall of 1862, and that he could have raised means to pay for it, and that he could have ground it up inside of two months, and have got the barrels to put it in as fast as ground. I don't know whom he bought his wheat from that year. My first knowledge about his flour-claim was hearing in the neighborhood that he had gone to Washington to collect a claim. I didn't know the amount, but thought it was a pretty big claim, because I thought he had already got enough on his first claim, and didn't know he had lost any flour. I didn't know he had lost any wheat either. I have known Wiley Edwards four or five years, not intimately, but know him to be a quiet, industrious man; never knew anything against him, and believe his reputation is such as I have just stated. I don't think he could be persuaded or intimidated into committing perjury easier than most men. I don't know the two colored witnesses.

I think Sugg Fort was like the rest of us—rebels till Fort Donelson fell. I never heard of him being threatened or molested as a Union man, nor of anybody being so molested or threatened. In 1862 and 1863 I know that other mills besides Fort's were running, and don't believe that any mill was stopped from doing a merchant business because the owners were not Union men. If Mr. Fort got out of the way when the bands of robbers came about his mill, it was not because he was a Union man, but because he did not want to be robbed or molested. He would have got out of the way as quickly, I believe, if he had been a confederate.

S. F. MITCHELL.

Subscribed and sworn to before me near Fort's Station, Robertson County, this the 27th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

Circuit Court Commissioner of the United States

for the Middle District of Tennessee.

CHARLES M. WARFIELD, having been by me first duly sworn, deposes and says:

My name is Charles M. Warfield. I am sixty-six years of age. I reside at Sadlersville, Robertson County. I am a farmer. I have known Sugg Fort ever since he was a boy; intimately for some twenty years. As far as I know, he is an honest, truthful man, and such is his general reputation. I do not remember ever hearing anything against him. I do not remember that during the war I was at the mill of Mr. Fort; don't know that he had 3,000 barrels of flour or any flour in the fall of 1862; don't recollect hearing that he did. He might have had 3,000 barrels without my hearing it. I don't know that Government wagons were at his mill, nor did I ever hear of it. I know that Mr. Fort bought wheat, I think in the fall of 1862, but I do not know how much he bought. I purchased wheat for Mr. Fort in the fall of 1862. I have thought about the amount, but cannot now remember it. There were at least 2,500 or 3,000 bushels bought by me for him. Some of the wheat I bought for him was not delivered—some three or four hundred bushels. At that time no military permits to purchase wheat were necessary, I think; I had no such permit. I do not know whether or not Mr.

Fort had such permit. I first heard that Sugg Fort had a claim against the United States for flour taken a little while before Mr. Fort went to Washington last winter; it was neighborhood talk. I have known Wiley Edwards for about five or six years. I believe him to be a truthful, honest man; his reputation is good. I would implicitly believe whatever Wiley Edwards would state under oath. I know Henry Waters, (colored,) and have known him since he was a child. I do not believe that he could be induced to tell a falsehood when under oath. He is an industrious, prosperous man, with a family, and is doing well. I don't know that any of the mills were stopped after the United States troops came in the country.

C. M. WARFIELD.

Subscribed and sworn to before me, near Fort's Station, this the 27th of October, 1874.

[SEAL.]

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

WILLIAM WEATHERFORD, being duly sworn, deposes and says:

My age is 68 years. My residence, Port Royal, Montgomery County, Tenn.; and my occupation, a farmer. Have known Sugg Fort eighteen or twenty years; have not been on intimate terms with him, though our relations are friendly; would believe any reasonable statement that he should tell me. Sugg Fort is called a shrewd, keen, trading man. He has been square with me, and I know nothing to the contrary as to dealings with others. His reputation is of a medium character; that is, others stood higher. He stood well as to business integrity. Was not in the habit of visiting Sugg Fort's mill frequently. Did not know of his having a large quantity of flour at his mill in the fall of 1862. Three thousand barrels would have been a very large quantity of flour for a country mill to have on store, but in 1862 flour was hoarded after the fall of Fort Donelson, at least in this section. Never heard or knew that Sugg Fort had an arrangement with the Federal authorities at Nashville to have his flour taken. I think he could have got wheat enough to make 3,000 barrels if he had had the means, and I think he had the credit to have bought it. At my mill, as I was milling at Port Royal at that time, I could have turned out 1,000 barrels of flour per month, besides doing custom-work. I think the custom-work would average about 100 barrels a week. I could put up a hundred barrels a day, running full capacity—running night and day, without stopping. Don't know how much wheat Sugg Fort bought in the summer or fall of 1862, or of whom he bought it. My mill was larger than Fort's and I could do much more work. I sold my flour in the fall of 1862 to the Federal authorities at Nashville. Had permission to sell to the citizens of Nashville. Flour was not high. The flour was hauled by wagons, the railroad being out of repair. I commenced hauling in the fall of 1862, and continued hauling all through the following winter. My teams were not molested on the road during that time. Flour was not high during that time. I think I received about six dollars per barrel. My opinion is that the course I pursued was the more prudent course, as there was less risk, in my mind, in hauling the flour to Nashville and losing teams in so doing, than in selling the mules and keeping flour until it had accumulated to a large quantity. I never heard that Sugg Fort's flour was taken to Nashville by Government wagons, either in 1862 or subsequently. It is probable that I would

have heard it, but it might have been done and I not heard of it. In hauling my own flour I had my own teams, and one of E. L. Fort's, and one of John Sadler's, and one of Jim Adkins's, of Port Royal. The drivers of my teams were mostly negroes, one of whom now lives at or near Cross Plains,* and calls himself Levi Weatherford. I will say that if the trains had come from Nashville to Mr. Fort's mill and taken about 3,000 barrels of flour in the winter of 1862 and spring of 1863, as stated, I should have known it, but if I did hear it I have forgotten it. I did not hear until last year that Sugg Fort had a claim against the Government for flour; heard it before he went to Washington; it was a neighborhood report. The claim had an unfavorable reputation in the community. I heard that there were three parties interested in it; that it was composed of several articles, and that Sugg Fort's portion of the claim was for flour. The other two parties to the claim were Col. E. A. Fort and T. H. Gardener. Have known Wiley Edwards a number of years. Don't know much about him. I think him to be a truthful man, and so far as I know he is regarded as a sober and steady man. I have no reason to think he would perjure himself for a consideration. Don't know enough about Henry Waters and Albert Metcalf to say anything about them.

It is my remembrance that Col. E. A. Fort and Sugg Fort did not discuss politics much, but that Sugg Fort voted on the question of separation—representation for separation—but after the fall of Fort Donelson I heard that Sugg had turned Unionist. Never heard during the earlier part of the war that anybody was molested in this part for his Unionism. I was not a Union man, and had a neighbor who was a strong Union man, and we remained good friends all the while.

I never heard that Sugg Fort had to get out of the way from guerrilla bands on account of his Unionism, and I never heard that anybody in this neighborhood was disturbed on that account. Sugg Fort's mill was not the only mill on the Red River allowed to run. My mill was running all the time except when the mill broke down, and as soon as it was repaired I started again.

I sold my flour to the commissary department in Nashville, and was paid by check on a Louisville bank. Several mills near Clarksville were running. As to Sugg Fort's responsibility financially, I will say that I regard him as good for any reasonable amount. Don't know what he is good for, and consider him solvent. If I held a judgment against him for ten thousand dollars, I would consider it good.

WM. WEATHERFORD.

Subscribed and sworn to before me, at Fort's Station, Robertson County, Tenn., this the 26th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,

*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

L. M. JACKSON, having been by me first duly sworn, deposes and says:

My name is Lilburne M. Jackson. I am 56 years old. My residence is at Adams Station, Robertson County, and has been for four years; and my occupation, a magistrate. I have lived in the county nearly thirty-

* The witness said Springfield, but Sugg Fort said it was Cross Plains, and the witness accepted the correction. It turned out that the witness was right, and Fort wrong, and he must have knowingly been wrong. Springfield was convenient to us, but Cross Plains too far away to have seen the man.—C. F. B.

five years. I have known Sugg Fort upward of twenty years, and intimate all that time. I think his character is good; don't remember that I ever heard anything against it. I think he stands well in the community; never heard anybody say anything to the contrary. Between the time the Federals got Middle Tennessee, in 1862, and for a year onward, I was a visitor and customer at his mill, except in February, March, and earlier part of April, when I could not get often across the river. I have no recollection of his having a large quantity of flour at his mill between December, 1862, and April or May, 1863. In 1861 I saw as many as 60 barrels in the mill-building, and never, to my recollection, saw as much as that afterward. There might have been flour in other buildings at the mill without my knowing it, but I can't say how much. If in November or December, 1862, Sugg Fort had told me that he had 4,000 barrels of flour, or thereabouts, on his place, I should have thought he was joking, because I have no recollection of his grinding except for customers that year. I think Mr. Fort could have accumulated 3,000 barrels of flour in 60 days after he stopped shipping and continued grinding. It would take about 15,000 bushels of wheat to make that much flour. I think that Mr. Fort had means and credit enough to buy that much wheat. I never heard of his buying wheat in 1862. If he did buy, I think Charles Warfield, Finley Mitchell, and Robert Sorey, and B. B. Batts would have been likely to know it; also, Doctor Mallory, and Col. E. A. Fort. Sugg Fort's mules were in danger of being stolen by thieves. The thieves made no distinction between Unionists and confederates in stealing. Don't know that he sold any mules. I remember distinctly meeting Sugg Fort in the forepart of December, in the middle of the day, about two and one-half miles from his mill, on the road to Nashville, on a Sunday, on horseback, when he told me that he was on his road home from Nashville, as he said. I know it was from three to five weeks before Christmas. He didn't say why he had been to Nashville. I never saw nor heard of a Government wagon-train being at his mill from that time onward. I don't think it possible, seeing that I lived close to the road between him and Nashville, that Government trains could have been taking flour from his mill to Nashville for five or six months without my knowing it, unless they took it in the night-time. Along the latter part of 1862 or early part of 1863, I saw wagons driven by negroes and whites both, who told me they were hauling flour to Nashville, and I think they said from Sugg Fort's mill, which was in fact the only mill they could have been hauling from, coming that way. The wagons and gear satisfied me they were not Government wagons. No soldiers were along. Some of them, I think, told me who they were. I forget what they said, but they were not Government trains. They were hauling, I think, about two months, once or twice a week. Twice that I took notice of the number of wagons, there were four certainly the first time, and three or four the second time. My impression is that at the other times there were the same number, about. I never heard till ten months or a year ago that Sugg Fort had a claim against the Government for flour. Then I heard of it as neighborhood talk. I never heard anybody say that it was a just and honest claim, or an unjust and dishonest one. I have heard neighbors say that they had never heard of his having such a claim, and one of these lived on the road in a better position to see the wagons pass on to Nashville. This was B. B. Batts, living two and one-half miles from the mill, on the dirt-road to Nashville.

I have known Wiley Edwards 23 or 24 years. I know nothing against

his character. He has the reputation of exaggerating, but otherwise his reputation is good. I have no reason to believe that he could be bribed, influenced, or intimidated into committing perjury when on his oath. Up to the time that the slaves were freed, I think Sugg was good for from twelve to twenty thousand dollars; since then I don't think he has been good for near as much.

I do not know enough about the negro witnesses, Waters and Metcalfe, to express any opinion about them as to their being better or worse than negroes generally.

The reputation of Sugg Fort as to loyalty was that he was a rebel up to the time of the fall of Fort Donelson, and Union afterward. That also applies to Col. E. A. Fort. We all went with the State. Judge Watson, who owned the mill with Weatherford, near Port Royal, was an original and constant Union man. The only Union man that I ever heard threats against was one Ogg, and that only by drunken men. I never heard that Sugg Fort was called an abolitionist. I do not believe it to be true that Sugg's mill was the only one allowed to run. Sadler's mill was running and doing as large a business as Fort's, I think, and Weatherford & Watson were running.

L. M. JACKSON.

Subscribed and sworn to before me, near Fort's Station, Robertson County, this Oct. 27, 1874.

[SEAL.]

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

P. C. HAMBAUGH, having been by me first duly sworn, deposes and says:

My name is P. C. Hambaugh; I reside in New Providence, Montgomery County, Tenn., where I have resided since 1847. From September, 1862, until May, 1863, I was in the flour business with Mr. T. F. Pettus, and we together owned a large flour-mill, distant from Clarksville, Tenn., about five miles, which was capable of putting up ten thousand barrels of flour per season. We also owned another flour-mill, distant about two miles from the other and capable of putting up about six thousand barrels per season. In this interval of time flour was plentiful and cheap in the market of Clarksville, and would average between six and one-half to seven dollars per barrel, and during this time the value of flour remained about the same, changing very little or not at all. This information I get from old mill-books in my possession covering that period of time. During this period of time there were no large dealers and handlers in flour in the town of Clarksville; I think this is so, since almost all the flour in the county around was sold directly to the United States authorities at Clarksville. We sold about all of our flour then to the United States. We then got for the old flour on hand five and one-half or thereabouts; for the new, six and a half dollars or thereabouts per barrel. J. W. Barker was then also a dealer and maker in flour; he is now dead. Mr. T. F. Pettus and myself were in flour business and owners of flour-mills from about May, 1858, until January 1, 1866.

P. C. HAMBAUGH.

Subscribed and sworn to before me, at New Providence, Montgomery County, Tenn., this the 30th day of October, 1874.

[SEAL.]

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

T. F. PETTUS, having been by me first duly sworn, deposes and says:

My name is T. F. Pettus. I am fifty-six years of age. I reside in New Providence, near Clarksville, Montgomery County, State of Tennessee. For some years previous to and subsequent to the war, Mr. P. C. Hambaugh and myself were large dealers in and owners of large flour-mills situated near the town of Clarksville, and during this period of time were constantly making and putting up large quantities of flour, and I was well acquainted with the market-value of flour. During the period of time between the month of September, 1862, and the month of May, 1863, flour was plentiful in Clarksville, and quite cheap, the average price being for good marketable flour about six dollars per barrel; and during this period of time there was very little fluctuation, if any, in the market-value. During this period of time about all the flour made and put up in the county was sold directly to the United States authorities by the millers, and consequently there were no large dealers and handlers in flour in the town of Clarksville at that time.

THO. F. PETTUS.

Subscribed and sworn to before me, at New Providence, Montgomery County, Tenn., this the 30th October, 1874.

JAMES TRIMBLE,

Circuit Court Commissioner for Middle District of Tennessee.

LEVI WEATHERFORD, (colored,) having been by me first duly sworn, deposes and says:

My name is Levi Weatherford. I am about fifty-three years of age. I reside in Springfield, Robertson County, Tenn. I am a laborer, and belonged, before the war, to William Weatherford, of Port Royal, before I was freed. In November, 1862, I was living with Mr. Weatherford. I was driving a team for him, hauling to Nashville, to Clarksville, and to the station on the railroad. I think that in the fall of 1862, and winter of 1862 and 1863, I was hauling flour to Nashville for Mr. Weatherford. I drove a six-mule team. My load was generally twenty barrels. With good luck I could drive to Nashville from the mill in a day and a half. The roads in December were tolerably good, but later in the winter would be pretty bad. While thus hauling I was never interfered with or disturbed by any band of guerrillas, thieves, or anything of the kind, nor did I hear of anybody else disturbed or interfered with by such bands. I think that I should have heard of it had the road been dangerous. The flour I was hauling belonged to Watson & Weatherford, who owned the mill. Mr. Watson was a Union man; I think that Mr. Weatherford claimed to be a Union man; I have heard Mr. Weatherford say that he was a Union man, and he was looked upon by the majority of people as such. He took no active part in politics. I delivered the flour to the commissariat at Nashville; I hauled it to no one else at Nashville. I was constantly hauling and was expected to make two loads of flour a week. During that time I did not see a United States Government train on the road hauling flour to Nashville; I did not see any Government wagons at all; if there had been any on that road I should have seen or heard of them. In going from the mill to Nashville I would cross the river at Port Royal; it was called the Nashville road or dirt-road. I did not go there on the Washington road. Watson & Weatherford also had stored in Adam's barn, about a mile from Adam's Station, some flour; I was hauling from the barn, off and on, some two weeks or more. Two other teams were hauling with me during this time, and could have hauled as much as I did. I think that the

flour was stored in the barn because there was not room for it at the mill, and I think that I heard Weatherford say there was no room for it at the depot. If Mr. Weatherford had desired to slip this flour off to the rebels the barn would have been a better place, I think, for that purpose, than the mill, because it was not so public a place. Likewise, had he desired to slip it off to the Federals. I was well acquainted with Mr. Sugg Fort's mill, and also with Mr. Weatherford's; Mr. Weatherford's was the larger mill, and, when both were pushed, he, I think, could make the most flour. The foundation of Mr. Sugg Fort's mill was about one foot and a half. The ground-floor was on a level with the ground.

The mill of Sugg Fort was four stories high, a basement story having in it machines and nothing else. Then the ground-floor, where the mill-stones were, and that had room for about 200 barrels of flour, leaving room for carrying on the business. Above the ground-floor were two stories in which the wheat was kept, and don't think that any flour was kept there. If Mr. Fort was pressed for room and there was no wheat there, flour could have been stored there. I don't know anything about buildings, about the buildings on Mr. Fort's farm, nor whether there was any flour in them. Mr. Weatherford's mill was about like Mr. Fort's, but had a little attic in the top, in which nothing was kept, though. At Mr. Weatherford's mill, ordinarily we could make and pack about 40 barrels per day. When I hauled from the barn to Nashville I did not go the same road I went when going from the mill. The road from the barn to Nashville was called the Washington road, and struck the old Nashville road about fourteen miles from Nashville. I did not see any Government trains, guarded by soldiers or otherwise, on this road while hauling over it; nor did I hear of any on it engaged in hauling flour. This road was also safe, and I was never disturbed during the time I was hauling. I have known Sugg Fort for the last 20 years. He was not known as a Union man at the breaking out of the war, to my knowledge. I knew the reputation of most of Sugg Fort's neighbors, and I knew of no Union men in his vicinity; never heard of any outrages against anybody in that vicinity because of their Unionism. I never heard of any rebels coming to the mill of Mr. Weatherford and taking flour without payment. I would have heard of it if they had. I never heard of rebel soldiers or guerrillas visiting or taking flour from the mill of Sugg Fort. When the war broke out, if I had been a white man like Mr. Weatherford or Fort, and had been a Union man, I would rather not have it known, because the people there did not like anybody to be a Union man; but after the Yankees got the country I should not care if it was known.

his
LEVI + WEATHERFORD.
mark.

Subscribed and sworn to before me, at Springfield, Robertson County, Tenn., this the 28th October, 1874.

[SEAL.]

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

DEB. BROWN, (colored,) having been by me first duly sworn, deposes and says:

My name is Deb. Brown, (colored.) I am about thirty-five years of age. I reside in Clarksville, Tenn. About several years ago, two, or therea-

bouts, I was on a train of cars, a construction-train on the Memphis and Clarksville Railroad, that runs through Clarksville. This train was going from Clarksville toward Enu, a point on the road south of Clarksville, and was going down for the purpose of getting gravel. I was on the train and going down with it for the purpose of helping as a laborer to shovel gravel into the cars. As we were going over the bridge on the Cumberland River the last panel, I think, on the far portion, the southern span, gave way, and the whole train went down into the river. By the fall I myself was badly hurt and crippled. Pat Smith (colored) was also hurt. Joe Critchfield (colored) was killed, and he is the only one that I heard of being killed, and he is the only one said to have been killed, nor have I since heard that any other person was killed at the time. This is the only time that I knew or ever heard of any one being killed at this bridge on the railroad by the train falling through. I do not know whether or not Ralph Mumford (colored) was on the train, but I know a man (a negro) named Ralph Mumford, living in Clarksville. He was not killed if he was on the train, since I saw him in this room not fifteen minutes ago.

his
DEB. + BROWN.
mark.

Subscribed and sworn to before me, at Clarksville, Montgomery County, Tenn., this the 30th of October, 1874.

[SEAL.]

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

RALPH MUMFORD, (colored,) having been by me first duly sworn, deposes and says :

My name is Ralph Mumford, (colored.) I am between sixty and seventy years of age. I live in Clarksville, Tenn., where I have lived for many years before the war. Before the war, for ten or fifteen years, I belonged to William B. Munford, and was living with him as a slave in Clarksville, and during the whole of the war lived on his place in Clarksville. Mr. Munford died before the war, but I still remained on the place with the family. I am well acquainted with Mr. Sugg Fort, son of Col. Lawson Fort, of Robertson County. I have known Mr. Sugg Fort ever since he was a boy of fourteen or fifteen years of age. Long before the war I was often at the mill of Mr. Warden, at Port Royal, and there saw and knew Mr. Sugg Fort. Before the war I hauled flour for Mr. Sugg Fort from his flour-mill, I think in Robertson County, the mill near Col. E. E. Fort's farm, and Colonel Fort had then something to do with it. A Mr. Johnson, I think William Johnson, was the miller. I have not seen Johnson for a year or so, and do not know what has become of him. During the first part of the war I did not haul any flour for him, but in the latter portion did haul for him; he then had one team of six mules, but had no driver; I then drove my own team. Ephraim Smith (colored) also hauled for him. Smith now lives at Humboldt, Tenn., Gibson County. I was not at his mill during the first part of the war. I hauled only to Springfield, Robertson County, during the latter part of the war, for Mr. Fort; when hauling this flour, I often saw and met with guerrillas on the road, but they never interfered with or troubled me. At no time during the war, or before or after, did I ever know where any bacon was hid in the country, nor did I ever tell Mr. Sugg Fort where

any was hid, or that I knew any was so hid, nor did I know or ever hear of, during the war, the United States authorities ever finding any bacon hid in that country and their seizing and carrying it off. I never heard or knew of any other colored man in this section of country named Ralph Mumford. I was not on the train of cars that fell through the railroad bridge at Clarksville, nor did I ever know or hear of a man of my name being killed at the time the train fell through the bridge a few years since. I repeat that during the war I never told or showed Mr. Sugg Fort where any bacon was hid, and do not know of the United States soldiers ever seizing any bacon in this or any other section of country.

his
RALPH + MUMFORD.
mark.

Subscribed and sworn to before me, at Clarksville, Tenn., this the 31st day of October, 1874.

[SEAL.]

JAMES TRIMBLE,
*Circuit Court Commissioner of the United States
for the Middle District of Tennessee.*

ADAMS STATION, ROBERTSON COUNTY, TENN.,
November 28, 1874.

DEAR SIR: Having yours of the 24th of this instant, I will now proceed to comply with your request the best I can. I will answer your questions one at a time as propounded.

1st. I do not think Sugg Fort had 3,000 barrels of flour on hand November, 1862, or at any one time during the war. In the latter part of 1861 and first of 1862 I think he had a few hundred barrels on hand. Soon after the fall of Fort Donelson he moved it out of his mill, and put it in barns in the neighborhood. It remained there for several months, perhaps until the next winter; then it was hauled from there to Springfield by citizens.

2d. I never heard of Sugg Fort having a barrel of flour taken from him by Government wagon-trains coming from Nashville during the war. The first time I ever heard it spoken was about the time he started to the city of Washington to lay in his claim for the flour.

3d. I can't say where Fort was hauling his flour in the months of September, October, and November, 1862. I don't recollect having heard of his sending it anywhere but Nashville and Springfield during the war.

4th. After the Federals got possession of this part of the country, as to where Fort sent his flour I am not able to say. There was some hauled off in the direction of Nashville by citizens with our country wagons without any guards being with them.

5th. I never heard of Government wagons passing through our neighborhood but three times during the war, and they were all from Springfield picking up supplies for the troops that were stationed there. There was but few wagons in a train. The first trip they made they were fired into by rebels and hurried back to Springfield empty; the second time loaded with corn that they took from one of my neighbors. The third time three or four wagons came down, and I understood got some flour; I don't recollect where they got it. I would suppose they got it from Fort's mill, as they passed my house in the direction of Fort's mill. Those three trains were all the Government wagons that I have any

recollection of passing through the neighborhood of Fort's mill during the war.

6th. I don't think it possible that Government wagons could have passed from Nashville to Fort's mill, to and from, for the space of six months without my having seen or heard of them. I live in two and a half miles of the mill, or where it stood, and in three hundred yards of the most direct road leading from Nashville to the mill; can stand in my yard and see a wagon as it passes for half a mile.

Yours, truly,

B. B. BATTS.

Please send me a copy of Wylie Edwards's deposition. Some of his neighbors are anxious to know what he swore to. They wish to know where to place him. Don't fail to let me hear from you. I would like to know what proof was made by him myself.

B. B. B.

Mr. CHARLES F. BENJAMIN,
Chief Clerk Claims Commissioners.

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JACOB BLOOMSTEIN.

MARCH 3, 1875.—Ordered to be printed.

Mr. LAWRENCE, from the Committee on War-Claims, submitted the following

REPORT:

The Committee on War-Claims, to whom was referred the petition of Jacob Bloomstein, of Nashville, Tenn., having had the same under consideration report:

That the petition of the said Bloomstein sets up that he is a resident of Nashville, and has been for the last twenty-two years; that he was born in Russian Poland, and by occupation is a merchant; that he is a naturalized citizen of the United States; and that he was arrested on the 5th day of May, 1863, in the city of Nashville, by one of Colonel Truesdale's detectives, through information alleged to have been given by a personal enemy, who reported that the said Bloomstein had brought his merchandise through the Federal lines without permit, and in violation of the trade regulations prescribed by the military authorities of the United States.

It appears by official copy furnished your committee, that the said Bloomstein was discharged from confinement in the military prison at Alton under the following order:

WAR DEPARTMENT,
OFFICE COMMISSARY-GENERAL OF PRISONERS,
Washington, D. C., September 19, 1863.

GENERAL: By direction of the Secretary of War, Jacob Bloomstein, a political prisoner, who was arrested in Nashville on the 5th of May last, and who is now at the military prison at Alton, will be immediately returned to Nashville and delivered to the provost-marshal, with a view to an immediate investigation of the charges against him.

Very respectfully, your obedient servant,

W. HOFFMAN,

Colonel Third Infantry, Commissary-General of Prisoners.

Brig. Gen. R. S. GRANGER,
Commanding, Nashville, Tenn.

It further appears that the said Bloomstein, in the latter part of August, 1863, made application to Hon. Andrew Johnson, then military governor of Tennessee, for redress for damages alleged to have been done him. His memorial is herewith given, as showing the variance between his statements made at the time and those made to your committee:

MEMORIAL.

To his excellency ANDREW JOHNSON,
Military Governor of Tennessee:

I, your memorialist, Jacob Bloomstein, a citizen of Nashville, Tenn., merchant by profession, would most respectfully represent to your excellency: That I was arrested by the order of one so-called Colonel Truesdale on the 5th of May, 1863. That I was "balled and chained" by order of the said Truesdale, and incarcerated in the Nashville

penitentiary four weeks without a trial, inquiry, or investigation into the facts of my arrest and confinement. That during said confinement at Nashville several wagons were driven up to my place of business and loaded with my goods, mostly staple dry goods purchased in Nashville. These goods were taken and carried off by order of said Truesdale. That a few days anterior to the removal of the goods Truesdale's officers went to my store and seized and carried off all my bills, invoices, and receipts of said goods.

That at the expiration of said four weeks I was transferred from the Nashville prison to the Alton military prison, where I now am and have been for the last two months. That the value of the goods taken as above stated, including 3,000 pounds of cotton taken since my imprisonment here, is about \$6,000 worth.

That these lawless acts and the sending me out of the district and State, where my offense (if any) was alleged to have been committed, were in utter violation of every precedent of law, totally at variance with constitutional provision, and in direct conflict and disregard of the instructions of the Secretary of War issued in a letter bearing date May 11, 1863. That letter was addressed by the General-in-Chief, Major-General Halleck, to General Curtis and other district commanders. To said letter and the constitutional provision upon which it is based I most respectfully invite your distinguished attention and consideration.

Copy of the above letter.

"OFFICE OF COMMISSARY-GENERAL OF PRISONERS,
Washington, D. C., May 11, 1863.

"Maj. Gen. S. R. CURTIS,
"Commanding, Saint Louis, Mo.:

"GENERAL: I am instructed by the General-in-Chief to say that when a person is arrested charged with being a spy or the commission of any other specific offense, requiring a trial, *an immediate investigation must be had before a military tribunal at the place where the offense was committed and when the witnesses are within reach.*

"Many persons have been arrested as spies and sent to interior prisons, and after months of detention it has been found that the charges had neither specification nor evidence to sustain them.

"In cases where arrests are made on a general charge of disloyal conduct, it is necessary that full details in each case, with the character of the person, should be given, in order to make a proper disposal of it.

"Very respectfully, your obedient servant,

"W. HOFFMAN,
"Colonel Third Infantry, Commissary-General of Prisoners.

"By command of Major-General Curtis:

"A. V. CALBURN,
"Assistant Adjutant-General."

Did not the General-in-Chief have just such cases as mine in view when he penned this letter of instructions to his district commanders as a guide and rule by which they should be governed? Has not this letter, as well as the more sacred provisions of the Constitution, been grossly violated in my case? Arrested and imprisoned without cause, I appealed to them for a trial, well knowing that if I could get an impartial trial that I could establish my innocence beyond the possibility of a reasonable doubt. Did they grant my prayer? They responded by seizing my goods and chattels and appropriating them to their own use! They then sent me beyond the limits of the district and State where they allege the offense was committed. Was this well done? Was it done in accordance with law, with the Constitution, or this letter of instruction? Sequestration and spoliation, sentence and imprisonment, without trial or conviction, investigation, or the merest inquiry into the facts of the case! In view of these premises, well and truly made and set forth, your memorialist begs leave and prays your excellency to interpose your executive prerogative, and release him from this foul injustice and most cruel wrong. That you will either release him without further endurance or that you will cause him to be returned to the city and State from whence he was so unlawfully ferreted off, and that you will cause him to be brought immediately before some competent military tribunal, in order that he may and will prove his innocence of these most foul and unjust charges, and this he prays and asks of you as the guardian of the people of the State whose rights and liberties have been intrusted to you.

With sentiments of high consideration and distinguished respect,

I am, governor, your humble and obedient servant,

JACOB BLOOMSTEIN.

EXECUTIVE OFFICE, Nashville, Tenn., September 4, 1863.

Respectfully referred to Colonel Hoffman, Commissary-General of Prisoners, with the recommendation that the prayer of the petitioner be granted.

ANDREW JOHNSON,
Military Governor.

From this memorial it appears that the value of the goods taken from said Bloomstein, including 3,000 pounds of cotton, was valued at \$6,000. From the inventory and bill of items submitted to your committee, duly sworn to, the value is placed at \$18,347.12, and this inventory is sworn to by one Juda Bloomstein, in 1874, who swears that he was clerk and book-keeper in the employ of the petitioner, Jacob Bloomstein. The petitioner does not state the fact, but it is apparent that he is probably a relative of the claimant, and his statement should be considered in that connection.

These statements and affidavits are submitted, touching the value of the goods taken from the said Bloomstein, but they appear to be from men allied to him by association or by business, and personal acquaintances, who did not at the time testify to the value of the goods taken from him, and who had personal knowledge of the facts.

It is clearly apparent from the last petition of said Bloomstein submitted to your committee that he has trusted to the lapse of time to efface the evidence which would protect the Government against his demand. It is equally clear to your committee that the said Bloomstein was attempting, and undoubtedly did, to violate the military regulations established by the United States military authorities at Nashville. During the war scores of adventurers made their way within the lines of the Army for speculative purposes, and contributed largely to dissatisfaction, disorganization, and desertion in the Army. They furnished disaffected Union soldiers with the means to escape from service, and they were the means of communication with the rebel authorities and people within the rebel lines. It is reasonable to suppose, in view of the fact that the petitioner Bloomstein, who swore in 1863 that the stock taken from him was of the value of \$6,000, and who asserts in 1874 that its value is \$18,000, that he was one of this class. While it may be possible and probable that during the war there were many instances of personal injustice by the military authorities toward civilians, it is unfortunately true that there was abundant occasion for treating with rigor and severity many persons arrested within the lines of the Army for violation of military regulations. The case of Bloomstein is in point. It appears from his affidavit that he was for twenty-two years a resident of Nashville, and that while that city was under military occupation by Union forces he deliberately violated one of said regulations. For this he was arrested and incarcerated in a military prison at Alton, Ill., from thence released, and returned to Nashville for trial, which, owing to the confusion incident to military operations, he never had.

Your committee, in the absence of complete information, which the records of the War Department fail to furnish, see no reason to accord the relief which the petitioner Bloomstein demands, but, on the contrary, are of opinion that he rather merits censure and perhaps punishment for attempting a fraud on the Government. But one of the affidavits can be true. If the value of the goods, including the cotton, was but \$6,000, as sworn to in 1863, then the inventory presented to your committee, sworn to in 1874, is gross perjury.

Your committee do not deem it necessary to further characterize this claim than to remark that it is one of a numerous class growing out of the disorder incident to a state of war, and which the utmost vigilance is required to guard against.

Believing that the publication of this may serve to defeat the attempted fraud, the committee report back the petition and accompanying papers, and recommend that they do lie upon the table.

W. R. BOICE.

MARCH 3, 1875.—Ordered to be printed.

Mr. LAWRENCE, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 4551.]

The Committee on War-Claims, to whom was referred the bill (H. R. 4551) for the relief of W. R. Boice, of Danville, Ky., having considered the same, report:

That the claim is for re-imbursement in the sum of \$29,492 for certain corn, hay, oats, &c., alleged to have been purchased by the Government of the United States in 1864 at Camp Nelson, in the State of Kentucky.

It appears by a communication of the Quartermaster-General of August 1, 1874, that a claim for compensation for fifty thousand bushels of corn was filed in said Office November 13, 1865, in favor of E. J. Curly, a partner of Boice, and was disallowed March 27, 1866. It further appears that a bill (S. 433) for the relief of the said Curly was reported from the Committee on Claims of the Senate on the 16th of July, 1866, subsequently passing the Senate and the House of Representatives, and was approved February 8, 1867.

Said act is as follows:

That the Secretary of the Treasury be, and he is hereby, authorized and required to pay, or caused to be paid, E. J. Curly, out of any money in the Treasury not otherwise appropriated, the sum of \$34,248.52, as compensation in full for corn purchased of him by Capt. E. B. W. Resileaux, assistant quartermaster, on the part of the Government.

It further appears, by the certificate of the Secretary of State, that a pardon was granted to the said Boice on the 2d of July, 1866, who had been indicted in the United States district court for the district of Kentucky for having presented for payment fraudulent vouchers to a disbursing officer of the United States.

The pardon is as follows:

ANDREW JOHNSON, President of the United States of America, to all to whom these presents shall come, greeting:

Whereas one William R. Boice is now under indictment in the United States district court for the district of Kentucky for having presented for payment fraudulent vouchers to a disbursing officer of the United States; and whereas I am assured by many respectable citizens of Kentucky that the circumstances of the case render him a proper object of Executive clemency:

Now, therefore, be it known that I, Andrew Johnson, President of the United States of America, in consideration of the premises, divers other good and sufficient reasons me thereunto moving, do hereby grant unto the said William R. Boice a full and free pardon for the offense for which he stands charged.

In testimony whereof I have hereunto signed my name and caused the seal of the United States to be affixed.

Done at the city of Washington this 2d day of July, A. D. 1866, and of the Independence of the United States the ninetieth.

[SEAL.]

ANDREW JOHNSON.

By the President:

WILLIAM H. SEWARD,

Secretary of State.

The letter of the Quartermaster-General is hereto annexed, as follows:

WAR DEPARTMENT, QUARTERMASTER-GENERAL'S OFFICE,
Washington, D. C., August 1, 1874.

SIR: In reply to your communication of July 24, 1874, in regard to claim of William R. Boice, of Boyle County, Kentucky, you are respectfully informed that a claim for fifty thousand bushels of corn, no price stated, was filed in this Office November 13, 1865, in favor of E. J. Curly, who was Boice's partner, and was disallowed March 27, 1866.

The papers in the case were transmitted to the War Department July 9, 1866, and have not been returned to this Office:

By order of the Quartermaster-General.

Your obedient servant,

M. I. LUDINGTON,
Quartermaster, United States Army.

CLINTON RICE, Esq., *Washington, D. C.*

Your committee are unwilling to believe that after allowing so long a period of time to run upon his claim, after he had been indicted in his native State for the crime of presenting fraudulent vouchers against the Government and pardoned therefor by the President, it could be properly inferred that he had a just or valid claim. The Court of Claims was open to him to pursue his remedy until his claim was barred by the statute of limitation, and he did not avail himself of that privilege, and no reasons whatever are assigned for such failure to present his claim. He equally had the privilege of having his claim passed on in the Quartermaster's Department.

Your committee deem it unnecessary to further discuss the case, believing that the facts presented are sufficient condemnation of the claim. They believe that the said Boice has no just or equitable claim against the Government on account of the matters set up in H. R. 4551, and accordingly report it back to the House, and recommend that it do lie on the table.

POTTAWATOMIE INDIANS OF KANSAS.

MARCH 3, 1875.—Ordered to be printed.

Mr. LOWE, from the Committee on Indian Affairs, submitted the following

REPORT :

[To accompany bill H. R. 4882.]

The Committee on Indian Affairs, to whom was referred the petition of H. C. Linn and others, on behalf of the Pottawatomie Indians, praying for payment to said Indians of the amount claimed to be due them under various treaties, as reported by the commissioners, Charles Rowland and Stephen D. Mills, appointed under the tenth article of the treaty of August 7, 1868, with the Pottawatomie Indians, report the same back to the House, with the following observations and recommendations in relation thereto :

By the tenth article of the treaty with the Pottawatomie Indians of August 7, 1868, it was provided that two commissioners should be appointed by the President, who should examine and make report upon the claims of the Pottawatomies theretofore reported upon by the Secretary of the Interior under the act of Congress of March 2, 1861.

In pursuance of that provision of the treaty, Charles Rowland and Stephen D. Mills were appointed such commissioners, and made their report to the Secretary of the Interior January 18, 1869, and the same was communicated to this House by the Secretary of the Interior January 28, 1869, and is embraced in Executive Document No. 61 of the Fortieth Congress, third session. The report of the Secretary of the Interior referred to above as under the act of March 2, 1861, is embraced in House Ex. Doc. No. 19, Thirty-seventh Congress, third session.

The treaties passed under review by the said commissioners commence with the treaty of December 2, 1795, and come down to the treaty of July 23, 1846. They give, as the result of their investigations, the following tabular statement of stipulations, payments, and balances :

RECAPITULATION.

Statement of stipulations, payments, and balances.

Schedule—	When proclaimed.	To what date calculated.	Stipulations.	Payments.	Due Indians.	Due United States.
A.....	Dec. 2, 1795	Dec. 2, 1860	\$65,000 00	\$42,000 00	\$23,000 00	.....
B.....	Dec. 26, 1803	Dec. 26, 1860	3,800 00	2,200 00	1,600 00	.....
C.....	Apr. 24, 1806	Apr. 24, 1826	5,000 00	.....	5,000 00	.....
D.....	Jan. 27, 1808	Jan. 27, 1861	21,200 00	16,800 00	4,400 00	.....
E.....	Jan. 16, 1810	Jan. 16, 1861	25,500 00	20,250 00	5,250 00	.....
F.....	Dec. 30, 1816	Dec. 30, 1828	12,000 00	12,000 00	.....	.....
G.....	Jan. 4, 1819	Jan. 4, 1861	19,500 00	19,500 00	.....	.....
H.....	Jan. 15, 1819	Jan. 15, 1861	105,000 00	103,750 00	1,250 00	.....

Recapitulation—Continued.

Schedule—	When proclaimed.	To what date calculated.	Stipulations.	Payments.	Due Indians.	Due United States.
I.....	Mar. 25, 1822	Mar. 25, 1861	\$132, 280 00	\$112, 235 23	\$20, 044 77	.....
K.....	Feb. 7, 1827	Feb. 7, 1861	200, 263 37	208, 620 47	.....	\$8, 357 10
L.....	Jan. 7, 1829	Jan. 7, 1861	208, 203 00	194, 957 91	13, 245 09	.....
M.....	Jan. 2, 1830	Jan. 2, 1861	527, 351 00	501, 629 01	25, 721 99	.....
N.....	Jan. 21, 1833	Jan. 21, 1861	419, 309 83	413, 780 33	5, 529 50	.....
O.....	Jan. 21, 1833	Jan. 21, 1861	701, 148 50	661, 431 61	39, 716 89	.....
P.....	Jan. 21, 1833	Jan. 21, 1861	298, 721 00	299, 349 29	.....	628 29
Q.....	Feb. 21, 1835	Feb. 21, 1861	1, 304, 399 99	1, 319, 664 99	.....	15, 265 00
R.....	Feb. 21, 1835	Feb. 21, 1861	110, 000 00	112, 200 00	.....	2, 200 00
S.....	Feb. 18, 1837	Feb. 18, 1861	135, 604 33	135, 604 33	.....	.....
T.....	July 23, 1846	July 23, 1860	629, 286 00	629, 286 00	.....	.....
Deficiency for outfit for emigrating Indians.....					28, 442 02	.....
For emigrating Indians.....					62, 590 00	.....
Payment to Pottawatomies prior to 1819.....					.....	30, 387 34
					235, 791 16	56, 837 73
					56, 837 73	.....
Balance due Pottawatomies as awarded					178, 953 43	.....

Your committee have examined with much care the report of the commissioners and the treaties under which the alleged claims arise, and they entertain no doubt that a considerable amount is due these Indians under various treaties by reason of the defective execution of the same on the part of the Government. The examination and report of the two commissioners above referred to seems to have been thorough, and the result of their labors is embraced in the document above referred to, a pamphlet of thirty pages, to which reference may be had for particulars. The general features and results of their report are also strongly sustained by the report of Hon. William P. Dole, late Commissioner of Indian Affairs, which is embraced in Ex. Doc. No. 19, above referred to. Such of the items in the foregoing tabular statement as your committee are not satisfied with, will now be specified.

The item of salt, \$1,600, (Schedule B of above table,) is claimed to arise under the treaty of December 26, 1803, but by reference to the treaty it appears that, by way of commutation for the use of a certain salt-spring, the United States agreed to deliver yearly for the use of said Indians and others "a quantity of salt, not exceeding one hundred and fifty bushels." There is no evidence that during the existence of the treaty a sufficient quantity of salt for the use of the Indians was not delivered, and as this treaty only contemplated the delivery of an amount requisite for their use, "not exceeding" the quantity mentioned, your committee think there is no ground for this item, and that it should be rejected.

The item of \$1,250 (Schedule H of said table) is supposed to arise under the treaty of January 15, 1819, granting a permanent annuity of \$2,500 a year, amounting in the aggregate to 1861, the time to which the report is extended, to \$105,000. Of this amount the commissioners find categorical evidence of the payment of \$103,750, leaving a deficit of \$1,250, for half a year of 1855 or 1856. It appears that the disbursing officer is credited with the payment of the full amount, but no voucher is found by the commissioners for the same. Your committee are not satisfied that that is sufficient evidence under the circumstances to show a non-payment, and they think the item should be rejected.

The item of \$20,044.77 (Schedule I) arises under treaty of March 25, 1822. This item is composed in part of a supposed deficit of payments for blacksmith and teacher. By the terms of the treaty, \$1,000 a year

was to be appropriated for a blacksmith and school-teacher, for fifteen years, without any apportionment between them being provided for. The blacksmith's services, by the subsequent treaty of January 7, 1829, were made perpetual, but the teacher's terminated with the fifteen years. The commissioners have computed, arbitrarily, so far as appears, the blacksmith's services at \$750 a year and the teacher's at \$280. By act of Congress of 1834 (4 Stats. at L., p. 735) it is provided that blacksmiths' compensation under treaties shall be \$480 per annum and school-teachers' not less than \$480 nor more than \$600 per annum. As by the treaty \$1,000 per annum was to be paid for blacksmith and teacher, and it appears that by other acts the Government rated their services of equal value, your committee believe that in computing for these services the two should be placed upon an equal footing of \$500 per annum. A re-adjustment of the item upon this basis reduces it to \$15,800, being a reduction of \$4,244.77.

The item of \$25,721.99 (Schedule M) arises under treaty of January 2, 1830, which provides for the payment of a permanent annuity of \$16,000 and fifty barrels of salt. It appears that the annuity of \$16,000 per annum was regularly paid up to and including 1845, but from thence to 1860 but \$14,412.50 was paid per annum. This is accounted for by the fact that by virtue of the subsequent treaty of September 26, 1833, \$1,587.50 was paid per annum to the Pokagan band, at L'Arbre Croche, in Michigan, the aggregate amount of such payments being \$23,812.50, which, being deducted from the supposed deficit of \$25,721.99, leaves the real amount due under this treaty \$1,909.49.

The remainder of the items in the tabular statement of the commissioners stated as due the Indians your committee believe are well sustained by the treaties and the facts.

The aggregate of the items which your committee think should be disallowed are as follows :

Under Schedule B.....	\$1,600 00
Under Schedule H.....	1,250 00
Under Schedule I.....	4,244 77
Under Schedule M.....	23,812 50
Total	30,907 27

The aggregate found due by the commissioners' report is \$178,953.43. Deducting above amount of items disallowed by your committee, leaves a balance of \$148,046.16.

The commissioners find, under treaty of February 7, 1827, an over-payment to the Indians of \$8,357.10, which they have properly allowed in the account. It appears by reference to the account, as stated by commissioners under the same treaty, that the Indians were furnished iron and steel to the amount of \$7,480, which was also an over-payment, the treaty, in fact, not providing for the furnishing of iron and steel. This sum being deducted, leaves the final balance \$140,566.16 due the tribe up to 1861.

By joint resolution of Congress of July 28, 1866, it was directed that \$39,000 be paid the Pokagan band of Pottawatomies living in Michigan, out of the funds of the tribe, and this sum is a proper credit upon the above amount, and which being deducted therefrom, leaves the amount for which the Government is indebted \$101,566.16, for the payment of which the committee report the accompanying bill, and recommend its passage.

The first of these is the fact that the
university has a long and distinguished
history of scholarship and research.
It has been a center of learning and
teaching for over a century and a half.
The second is the fact that the
university has a large and diverse
body of faculty and students.
It is one of the largest universities in
the United States.

The third is the fact that the
university has a high reputation for
its academic standards and its
commitment to excellence in scholarship
and research. It is a university that
is proud of its achievements and its
contribution to the world of learning.
The fourth is the fact that the
university has a strong sense of community
and a deep commitment to its students.
It is a university that is dedicated to
the advancement of knowledge and the
education of its students.

The fifth is the fact that the
university has a strong tradition of
service to the community and the world.
It is a university that is committed to
the betterment of society and the
advancement of the human condition.
The sixth is the fact that the
university has a strong sense of pride
in its achievements and its contribution
to the world of learning. It is a
university that is proud of its history
and its future.

The seventh is the fact that the
university has a strong sense of
responsibility to its students and the
community. It is a university that is
committed to the highest standards of
academic excellence and to the
advancement of knowledge and the
education of its students. It is a
university that is proud of its
achievements and its contribution to
the world of learning.

MARY E. MELINE.

MARCH 3, 1875.—Ordered to be printed.

Mr. RUSK, from the Committee on Invalid Pensions, submitted the following

REPORT:

[To accompany bill H. R. 3548.]

The Committee on Invalid Pensions, to whom was referred the bill (H. R. 3548) granting a pension to Mary E. Meline, widow of Maj. James F. Meline, deceased, submitted the following report:

It appears from the testimony before us that James F. Meline was a major and aid-de-camp in the Army of the United States during the rebellion, and that he contracted the disease of which he died during his services as such officer.

It further appears that he left surviving him a widow, who is now in needy circumstances, and who now makes application for pension, and that she has not remarried since the death of her said husband.

The services of Colonel Meline were of great value to the country, and in consequence of the disease contracted in their performance he suffered great pain during the last years of his life.

The widow of Colonel Meline is in needy circumstances, and is worthy to have the great and exceptional services of her late husband recognized in her behalf.

The affidavits of ex-Governor Edward F. Noyes, of Ohio, an intimate friend of Colonel Meline's; the certificate of Maj. Gen. John Pope, upon whose staff Colonel Meline served, and who bears the strongest testimony to his personal and military character and the great value of his services and the faithfulness with which they were performed, and also the fact that he lost his health in their performance; the affidavits of Drs. Horace Bowan, James C. Hutchinson, Simon Pollak, W. H. Mussey, and also of Judge M. F. Force, one of the judges of the common pleas court of Hamilton County, (Cincinnati,) Ohio, showing the nature and progress of the disease of which Colonel Meline died and his healthy condition when he entered the United States service; the letters of M. Halstead, esq., editor of the Cincinnati Commercial, and of F. Hassurek, esq., editor of the Cincinnati Volksblatt, and also the letters of General D. H. Strother, General Wager Swayne, Hon. William E. Davis, assistant treasurer of the United States at Cincinnati, and of John Swartori's letter, all urging the granting of a pension to Mrs. Meline, have been carefully examined by the committee, and are deemed sufficient to warrant the recommendation that the bill H. R. No. 3548, granting a pension to Mrs. Mary E. Meline of \$25 per month, be passed.

REPORT

OF THE
COMMISSIONERS OF THE GENERAL LAND OFFICE

IN RESPONSE TO A RESOLUTION OF THE HOUSE OF REPRESENTATIVES
PASSED MAY 17, 1916

REPORT

OF THE COMMISSIONERS OF THE GENERAL LAND OFFICE

IN RESPONSE TO A RESOLUTION OF THE HOUSE OF REPRESENTATIVES
PASSED MAY 17, 1916

THE COMMISSIONERS OF THE GENERAL LAND OFFICE have the honor to acknowledge the receipt of a copy of the report of the SELECT COMMITTEE ON LANDS, created by the HOUSE OF REPRESENTATIVES, in response to a resolution passed May 17, 1916, and to state that the same has been forwarded to the proper authorities for their consideration.

The report of the SELECT COMMITTEE contains a detailed statement of the facts and circumstances connected with the acquisition of the public lands in the State of California, and a recommendation that the same be referred to the proper authorities for their consideration.

The COMMISSIONERS OF THE GENERAL LAND OFFICE have the honor to acknowledge the receipt of a copy of the report of the SELECT COMMITTEE ON LANDS, created by the HOUSE OF REPRESENTATIVES, in response to a resolution passed May 17, 1916, and to state that the same has been forwarded to the proper authorities for their consideration.

The COMMISSIONERS OF THE GENERAL LAND OFFICE have the honor to acknowledge the receipt of a copy of the report of the SELECT COMMITTEE ON LANDS, created by the HOUSE OF REPRESENTATIVES, in response to a resolution passed May 17, 1916, and to state that the same has been forwarded to the proper authorities for their consideration.

WASHINGTON AND OHIO RAILROAD.

MARCH 3, 1875.—Ordered to be printed.

Mr. J. AMBLER SMITH, from the Committee on Railways and Canals,
submitted the following

REPORT:

[To accompany bill H. R. 4883.]

The Committee on Railways and Canals, to whom was referred the petition of the Washington and Ohio Railroad Company, for aid in the construction of their railroad to the Ohio River, respectfully report:

That the said company is now constructing a railroad from Washington City and Alexandria, by way of Winchester, Va., to the Ohio River, at Point Pleasant, or some point north thereof, passing through the iron-ore beds on the Shenandoah River, sixty-five miles west of Washington, and those of Hampshire and other counties of West Virginia, and the great coal-fields of the latter State; that by their charter the terminus at the said river may be at any point between the Little Kanawha and the Big Sandy Rivers, though they will probably fix upon a point between the Great and Little Kanawhas.

The road has been located from Alexandria to Winchester, in a distance of seventy-five miles, of which fifty-two miles have been completed and are in use. From Winchester to the Ohio River, a careful preliminary survey has been made, sufficient to ascertain the fact that it will reach the river at Ravenswood at the distance of three hundred and twenty-five miles, with grades of 52.8 feet per mile, ascending eastward, and of 79.2 feet per mile going westward, and with no curve of less than 1,000 feet radius, to accomplish which not more than six miles of tunneling will be required. It is proper to say, however, that in order to avoid, without tunneling, an exceptional heavy grade at the South Branch Mountain, it will be necessary to increase the distance by about fifteen miles, making a total of three hundred and forty miles. Even this, however, will be less by seventy-seven miles than any route now in use to the seat of the General Government from the Ohio River, or from the cities of Cincinnati, Louisville, Saint Louis, and Chicago. The route from Washington to Saint Louis by this road will be remarkably direct by way of Cincinnati, being, with but trifling deflections, an air-line.

The eastern terminus of the road is near the head of ship-navigation of the Potomac River, and its western at a point where it can connect with the Chesapeake and Ohio Railroad, and the roads which will extend to Louisville and Memphis.

In view of the unlimited quantities of coal, iron, and timber upon the line of this road, and of the rich agricultural resources of the country which it will drain, as well as of the large passenger travel which it must

command, there can be no doubt of its proving to be a profitable undertaking to its proprietors, nor of the safety of the Government in guaranteeing the company's mortgage-bonds. As a means of cheap transportation between the great West and the navigable waters of the Atlantic coast, it will doubtless prove of immense value to the country more immediately concerned, as well as to the West and Southwest.

The line of this road pursues an average course parallel to and equidistant (about fifty miles) from the Baltimore and Ohio, and the Chesapeake and Ohio Roads.

The important facts herein stated are fully sustained by the report from the Engineer Department, and especially by that of C. P. Manning, civil engineer, upon this line. (See Senate Ex. Doc. 19, part 2, of the present session, page 23.) Mr. Manning has had great experience as an engineer in the country through which this line runs, and his facts and opinions are entitled to perfect confidence and great weight.

On the subject of the comparative distances from the Ohio River to Washington by this and other railroads, the committee refer to the annexed table, carefully prepared from the best sources.

The company asks for a guarantee of its bonds to the amount of \$30,000 per mile, to enable it to complete the road to the Ohio River; and, to indemnify the Government against loss by reason of the liability thus incurred, proposes to give a deed of trust or mortgage upon the entire road, and to apply its mail-pay, whenever necessary, to the payment of the interest as it accrues, until the bonds shall be fully paid, and to enter into such further guarantees as may be reasonable and proper.

The committee report herewith a bill in accordance with the prayer of the petition, and recommend its passage.

Distances to Cincinnati from—		By Washington and Ohio Railroad.	Difference.
	Miles.	Miles.	Miles.
New York, via Erie Railroad and connections	861	706	155
New York, via New York Central Railroad and connections.....	881	706	175
New York, via Pennsylvania Railroad and connections.....	757	706	51
New York, via Baltimore and Ohio Railroad and connections	777	706	71
Philadelphia, via Pennsylvania Railroad and connections	668	619	49
Philadelphia, via Baltimore and Ohio Railroad and connections	687	619	68
Baltimore, via Pennsylvania Railroad and connections	647	521	126
Baltimore, via Baltimore and Ohio Railroad and connections.....	589	521	68
Washington, via Pennsylvania Railroad and connections	687	483	204
Washington, via Baltimore and Ohio and Metropolitan Branch.....	560	483	77

JACKSON T. SORRELLS.

MARCH 3, 1875.—Ordered to be printed.

Mr. VANCE, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 1258.]

The Committee on Claims, to whom was referred the bill (H. R. 1258) for the relief of Jackson T. Sorrells, mail-contractor on the route from Asheville, N. C., to Franklin, N. C., in 1865, have had the same under consideration, and make the following report:

It appears from the evidence that Jackson T. Sorrells was employed under some provisional arrangement with persons who represented themselves as acting by official authority to carry the mails between Asheville, N. C., and Franklin, N. C., a distance of seventy-two miles, once a week, at the rate of 8 cents per mile, reckoning only one way. It also appears from the evidence that he did so carry the mail for nine weeks, and has never received payment therefor.

In consideration of the fact that the service was actually performed, and apparently in good faith, and as the Post-Office Department can see no objection to the payment of said Sorrells, your committee recommend the passage of the bill, after amending it by striking out "one hundred and twenty-eight dollars and fifty cents," and inserting *fifty-one dollars and eighty-four cents*.

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J. M. ROANE.

MARCH 3, 1875.—Ordered to be printed.

Mr. VANCE, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 1397.]

The Committee on Claims, to whom was referred the bill (H. R. 1397) for, the relief of J. M. Roane, of Macon County, North Carolina, have considered the same, and make the following report:

The circumstances and evidence in this case are shown in the following letter:

DEPARTMENT OF THE INTERIOR,
OFFICE OF INDIAN AFFAIRS,
Washington, D. C., January 19, 1874.

SIR: I have the honor to acknowledge the receipt, by reference from the honorable Secretary of the Interior, of your letter of the 14th instant, relative to a certain claim in favor of J. M. Roane on account of supplies furnished between the years 1856 and 1860, for the Indian service in California.

In reply I have to state that, upon the settlement of the accounts of M. B. Lewis, late subagent, the sum of \$477.38 was admitted by the accounting-officers of the Treasury to be due Mr. Roane on account of said supplies, which claim, together with others of a similar nature, were presented in an estimate submitted to Congress March 4, 1868, but failed to receive the necessary appropriation. (See H. R. Ex. Doc. 200, Fortieth Congress, second session, list No. 5.)

In consequence of the failure of Congress to make said appropriation, and in view of the fact that there are no funds at the present disposal of the Department applicable to the payment of the claim in question, no action can be taken by this Office to effect a settlement of the account.

Very respectfully, your obedient servant,

EDWD. P. SMITH,
Commissioner.

HON. ROBERT B. VANCE,
House of Representatives.

In view of the foregoing facts the bill is herewith reported back, with recommendation that it pass.

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MARY McMILLEN.

MARCH 3, 1875.—Ordered to be printed.

Mr. VANCE, from the Committee on Revolutionary Pensions and of the War of 1812, submitted the following

REPORT:

[To accompany bill H. R. 4884.]

The Committee on Revolutionary Pensions and War of 1812, to whom was referred the petition of Mary McMillen, asking for a pension, have had the same under consideration, and report :

The evidence shows that petitioner was the wife of John McMillen, of Capt. William Jones's Company, Eighth Regiment United States Infantry, war of 1812. The said soldier enlisted in the State of Georgia the 28th of January, 1812, and was discharged, as per records of the War-Office, the 2d of December, 1815, at Fort Hawkins, in consequence of a shattered arm. Land-warrant No. 20530 was issued to said McMillen. Mrs. McMillen was married to her husband, John McMillen, in 1823.

Your committee, considering the length of time served by the soldier and his honorable wound, concur that the widow be placed on the pension-rolls as of 14th February, 1871, and recommend the passage of the accompanying bill.

SAMUEL HOYT.

MARCH 3, 1875.—Ordered

Mr. VANCE, from the Committee on Revolutionary Pensions and War of 1812, submitted the following

REPORT:

[To accompany bill H. R. 4885.]

The Committee on Revolutionary Pensions and War of 1812, to whom was referred the petition of Samuel Hoyt, a soldier of 1812, have considered the same, and report:

The records show that said Samuel Hoyt was enlisted at Portsmouth, N. H., 26th September, 1814, and discharged the 23d November, 1814, having served fifty-nine days, which is not sufficient to place him on the rolls under act of 14th February, 1871. He served in Captain Marsh's company, New Hampshire militia.

Your committee recommend the passage of the accompanying bill in his behalf.

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REPORT

OF THE COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1875

THE REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1875

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FOR THE YEAR 1875

SAN FRANCISCO LAND ASSOCIATION OF PHILADELPHIA.

MARCH 3, 1875.—Ordered to be printed.

Mr. JASPER D. WARD, from the Committee on the Judiciary, submitted the following

REPORT:

The Committee on the Judiciary, to whom was referred the memorial and evidence of the San Francisco Land Association of Philadelphia, praying for special relief for the expenditure and loss of its capital stock in defending its title to certain real estate in San Francisco, Cal., against the United States, having considered the same, submit the following report:

The petitioners are citizens of Philadelphia, and are the stockholders of the unincorporated joint-stock company known as the San Francisco Land Association, organized under the general laws of Pennsylvania for the purpose of investing capital and purchasing the real estate known as the Dolores Mission, in the county of San Francisco, and State of California.

The memorial and evidence are presented, and the association is represented by its officers, Frederick Fraley, president, Lewis Cooper, treasurer, and J. Coleman Fisher, secretary.

It is claimed they show that on the 10th day of February, 1846, the lands belonging to the Mission of Dolores, situate within the limits or adjacent to the present city of San Francisco, were duly granted by Governor Pio Pico, in accordance with the laws of Mexico, to José Prudencia Santillan, a secular priest of the Mission Dolores and citizen of the State of California, for sufficient considerations, who afterward, on the 11th of April, 1850, for the consideration of \$200,000, conveyed 10,186 acres of said lands to James R. Bolton, of San Francisco, which deed of conveyance was recorded June 3, 1850, in liber A, pages 170 and 171, of the records of deeds of San Francisco.

That on the 13th of July, 1853, said Bolton, for the consideration of \$200,000, conveyed the same to George W. Wright, of San Francisco, which deed of conveyance was recorded July 15, 1853, in liber 25, page 24, of the records of the deeds of San Francisco.

That on the 15th of August, 1853, said Wright conveyed the same, for the consideration of \$1,300,000, to Francis N. Buck, Simon Wilmer Cannell, and Caleb Jones, of the city of Philadelphia, trustees, for the use of the San Francisco Land Association, which deed of conveyance was recorded January 3, 1855, in liber 2, of deeds of trust of San Francisco, and by which the equitable title to said lands became vested in the association.

That at the date of the original grant to Santillan the present city of San Francisco was only the Mexican village of Yerba Buena, of not more than one hundred inhabitants, and the property conveyed in the

grant was of only nominal value; but the settlement and buildings of the city of San Francisco rendered the property, as early as 1851, of rapidly increasing value and importance. Emigration had made it valuable, and in 1850 the lands were occupied by hundreds of squatters, claiming title by possession or purchase from a justice of the peace acting in the capacity of alcalde of San Francisco.

In March, 1850, the pretended grantee, Santillan, had taken means of giving public information of the nature of his title, and by publication on the 6th of March, 1850, in the Pacific News, of San Francisco, warned persons against taking possession of and of purchasing said property.

The treaty of peace known as Guadalupe Hidalgo, between the United States and Mexico, had provided that the existing private land-grants and titles to lands in the Territory of Mexico, ceded to the United States, should be respected and protected by the United States. In conformity with this treaty, the act of March 3, 1851, entitled "An act to ascertain and settle the private land-claims of California," was passed, establishing a board of commissioners for the adjudication of this class of claims.

In March, 1852, the claimant, James R. Bolton, presented this claim to the board of commissioners, sitting at San Francisco, and after consideration by the board of commissioners, on the 5th June, 1855, his title was confirmed to the tract of 10,186 acres of said land.

From this confirmation and award an appeal was taken by the law-agents of the government to the district court of the United States for the northern district of California, which was heard and adjudged in favor of the claimant, on the 17th of April, 1857.

This judgment was appealed to the Supreme Court of the United States, as provided by law, and, upon the final hearing, was reversed at the December term of the Supreme Court, 1859. (See 23 Howard, p. 341.)

The court pronouncing the opinion, among other things, said:

* * * In November, 1849, the Padre Santillan, with Dr. Poli, made a journey to Santa Barbara, the place of residence of Covarrubias, and on his return intimated to his friends "that he had been to the governor, and that the Americans could not rob the church any longer;" that he had the papers "in which were all his hopes;" that "he was well off," and used other exultant expressions, which denote that the acquisition of the deed was newly made, and that a great change was effected by it in his condition and feelings. In the month of March, 1850, he announced to the public of San Francisco that such a grant was in his possession, with other circumstances before detailed, and in the month of April conveyed the land to the claimant.

The testimony does not disclose what was the depository of this grant in Santa Barbara, nor when, nor under what circumstances it was placed there, nor under what circumstances withdrawn. Neither Santillan nor Dr. Poli have been examined as witnesses; nor was Pio Pico interrogated in reference to the authenticity of the grant. There is no proof to show that any of the conditions of the grant have been fulfilled. The testimony as to the payment of any portion of the mission debts is vague and unsatisfactory. There was no judicial possession sought or obtained, and no claim made for the land, as the grantee thereof, to give the community at large any information concerning it.

Our opinion consequently is, that the validity of the grant has not been sustained; and that the decrees of the board of commissioners and the district court are erroneous and must be reversed, and that the cause be remanded to the district court, with directions to dismiss the claim.

It will thus be seen that part of the ground of this decision was the determination of the question of the fact, in the mind of the court, that the grant was not genuine, but was a forgery.

After the judgment in the Supreme Court declaring the grant to Santillan to be invalid, the memorialists seem to have discovered, or to have been led to believe, that there was some record relating to said grant in

some way deposited with the alcalde of Santa Barbara, which record would be of great value in establishing the validity of the original grant to Santillan.

The book of records kept in the office of the alcalde at Santa Barbara, from the year 1840 to 1848, could not be found, nor could any trace of it be discovered during the pendency of the controversy and prior to the decision of the Supreme Court. It was alleged, however, that it would corroborate the evidence as to the genuineness of the original grant.

Accordingly, after the judgment of the Supreme Court, the secretary of the company went from Philadelphia to California to make further search for it, but his investigations at San Francisco and Los Angeles and Santa Barbara were still unsuccessful. At length the book was found, and was traced into the possession of a citizen who had lived near to Santa Barbara, and who accounted for it by the following facts: At the period of taking possession of that part of California by United States forces, this book, with other documents, had been secreted at his house, and had never been called for, and he neither knew its value nor knew the person who had left it there.

This book of records has been produced before the committee, and is now in its keeping. It is a book of record of proceedings, civil and criminal, (in the Spanish language,) held before the alcalde of Santa Barbara, from the year 1840 to 1848, inclusive, and contains a memorandum of the Carrilla deed, purporting to be made on the 6th day of April, 1846, in the following words, properly translated:

This day appeared before me the Señor Curate Don Prudencia Santillan and the citizen Joaquin Carrillo, their object being that this tribunal (*jusgado*) under my charge should make note in this book of records of a title that the said Señor Curate Santillan granted to the said Señor Carrillo for four hundred varas of land in the Mission of Dolores, this 6th day of April, 1846, which shall stand as evidence for the ends and purposes of those interested therein.

The authenticity of this book seems to be clearly demonstrated by evidence submitted to the committee. This book also contains a further entry, apparently written about the same time. It is in the following words, properly translated:

Having appeared in this tribunal the señor curate-rector and minister of the Mission of Dolores, Don J. Prudencio Santillan, he made known that he desired to place on deposit some important documents that he had with him, so that he might not lose them on his journey from this place to the Mission of Dolores. Said documents consisted of a title given by the Señor Governor Don Pio Pico for three leagues of land in the Mission of Dolores; another, of the approval of the said title by the most excellent departmental assembly; some others, inventories of personal property of the said Mission of Dolores. Said documents remain deposited, making a bundle marked "Papers belonging to the Señor Curate Don Prudencio Santillan."

While the book appears to have been a genuine book of records kept by the alcalde of Santa Barbara, your committee do not indorse the entries therein, translations of which have above been given. There are many circumstances connected with said entries, appearing in the book itself, which might be urged with great force against the genuine character of said entries. The handwriting and the ink differ from all others in the book; the pages on which written, the intervals occurring between the last admitted genuine entry, the blank pages following, the peculiarity of an entry on the same page with the entry last above translated, &c., tend to create doubt as to the genuineness of said entries relating to the Santillan property. But the view your committee takes of the effects of the translated entries, if genuine, makes it unnecessary

for them to pass upon the genuineness of the entries above translated, as will be hereafter seen.

The memorialists, while claiming that the judgment of the Supreme Court against them was erroneous upon the proofs as presented, do not, at least in terms, ask relief on that ground, and it has not been deemed by your committee necessary to carefully and elaborately examine and analyze all the proofs or proceedings prior to said judgment.

Your committee have, however, examined the evidence pretty thoroughly, and listened attentively to extended and repeated arguments of able representatives and counsel in behalf of the said memorialists, and such examination and arguments developed nothing, in the opinion of your committee, to justify the opening of the case or the granting of the relief asked.

On the contrary, your committee are of opinion that the grant by Pio Pico was not a valid one, and that Santillan acquired no legal or equitable title in said lands, because—

No proper petition to Governor Pico is shown to have been made by Santillan for said lands.

No inquiry by said Pico is shown to have been made as to the propriety of making such grant. No petition, grant, and map were shown to have been recorded; and yet all these things were required to make a valid grant under the Mexican laws by the regulations of 1828.

The steps or proceedings above enumerated, with some others perhaps, the report of the alcalde to the governor being one, formed what was technically called an expediente; and this expediente it became the duty of the governor to send to the departmental assembly for its approval.

That this was not done, or at least *not shown to have been done*, is clear; for "the first report of the governor to the assembly respecting the disposal of lands made in the year 1846, was of forty-five grants to sundry individuals, and was made the 8th day of May, 1846, and referred to the committee on public lands. The committee reported favorably and the grants were confirmed at the session of June 3. The decree of confirmation includes grants down to May 3, 1846. That to Santillan is not among them;" and yet the grant to Santillan, as has been shown, is claimed to have been made February 10, 1846.

There is proof tending to show the existence of an expediente and grant to Santillan. One Botello swears that he was a deputy of the departmental assembly during the first four months of 1846, and served as one of the committee on public lands, and during that time the original expediente and grant made to Santillan, of the Mission Dolores and its lands, came up for approval, and that the title was duly submitted and approved.

But the records of the departmental assembly in 1846, during the time that Botello says he acted on the committee on public lands, are well preserved.

From these it appears that its first session for 1846 commenced March 2, and on that day Noriega and Arquello were appointed the committee on public lands, and in the session of March 4 Botello obtained leave of absence for a term not exceeding three months. His absence is usually noted at the end of each day's proceedings, and his name does not again appear as an acting member till June 15. It thus appears he was not a member of the committee on public lands during the year 1846, and his statement to that effect, and that the expediente and grant to Santillan were duly submitted and approved, is utterly unworthy of belief.

Moreno, at one time secretary of state, swears that he saw the record of the grant in the book of titles—Toma de Razon—in August, 1846.

And Arenas swears that it was noted by him in that book of records. That book is lost; but the mere entry of the grant in that book is not sufficient to establish the original validity of the grant, and not proper or sufficient proof that a valid grant was ever made.

In *United States vs. Castro*, 24 Howard, 349, a case decided since this Santillan grant was adjudicated, the court said:

The grants of portions of the public domain in Mexico, the mode of obtaining them, and the officers by whom they were to be issued, and the conditions to be annexed to them, were with great precision regulated by law. This law has so often been referred to and commented on in former opinions of this court that it is unnecessary to report here its particular provisions. It is sufficient to say that it was required to be in writing; the officers and tribunals before which it was to pass designated, and every step in the process, from the petition of the party to the final consummation of the title, was not only required to be in writing, but also to be deposited and recorded in the proper public office among the public archives of the republic.

The general rule is that the grant must be found in the proper office among the public archives.

In order to maintain a title by secondary evidence it must be shown to the satisfaction of the court—

1st. That the grant was obtained and made in the manner the law required at some former time, and recorded in the proper public office.

2d. That the papers in that office, or some of them, have been lost and destroyed.

3d. That within a reasonable time after the grant was made there was a judicial survey of the lands, actual possession taken, and acts of ownership exercised over it.

In *Laco vs. United States*, 23d Howard, 543, also, a later case, the court say:

In conclusion, * * * no grant of land purporting to have been issued, &c., * * should be received, &c., unless it be found noted in the registers, or the *expediente*, or some part of it be found on file among the archives where other and genuine grants of the same year are found; and the testimony of late officers of that government cannot be received to supply or contradict the public records or establish a title of which there is no trace to be found in the public archives.

In view of this law the evidence at the several trials referred to, if unshaken and unquestioned, fails to establish a valid grant to Santillan, and the relief asked for should not, in the opinion of your committee, be granted by reason of anything shown to be existing or done prior to the discovery of said book or record of the *alcalde* of Santa Barbara. And the Santa Barbara book, relied upon by the memorialists as supplying the evidence held essential by the Supreme Court, to wit, governmental archive evidence, if genuine, falls far short of establishing the genuineness of the claim of Santillan, under the rule laid down by that court in many cases.

That Santa Barbara book does not contain any record of any act of the Mexican government of California. It is but a record of the acts of a municipal officer of the pueblo of Santa Barbara. The entries are not signed, or shown to have been made, by any officer. It is not a record of transfers of real estate, and contains no other entry relating to that subject, and has no force or character as evidence above any private memoranda.

In *Dias vs. United States*, the claim was rejected because no note or memorandum showing that a grant had been made could be found in the governmental archives, although the alleged grant bore the impress of the genuine seal, and the fact of making the grant was sworn to by the officers who made the same.

In view of the long-established and rigidly adhered to rule adopted by the Supreme Court in similar cases, it is scarcely possible that upon a rehearing that court would modify the rule in favor of a claim like this, even though it were free from all suspicion of being based upon

antedated and simulated documents; and without such modification this newly-discovered book would not strengthen the claimant's case.

This case of Santillan has been fully and fairly tried and decided by the court of last resort, and its merits considered with reference to the same general rules applicable to all other cases of a similar nature, and there does not seem to be any good reason why this case should be reopened and a new trial granted any more than in any of the numerous other similar cases which have been adjudicated and decided adversely to the claimants.

It would be impolitic to establish a precedent under which so many other claims of a like nature, rejected for like reasons, would be entitled to like relief. The effect would be that titles to lands in California would be greatly disturbed, their value depreciated, the prosperity of the State checked, and the results obtained after more than twenty years of litigation over these Mexican claims rendered substantially nugatory.

Your committee, therefore, in view of the whole case, as now presented by the memorialists, are of the opinion that the relief asked should not be granted, and recommend that said memorial be laid upon the table, and your committee discharged from further consideration of the subject.

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MARGARET JANET BURLESON.

MARCH 3, 1875.—Ordered to be printed.

Mr. JAMES WILSON, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 4886.]

The Committee on War-Claims, to whom was referred the petition of Margaret Janet Burleson, having had the same under consideration, report:

That the petitioner is a resident of Memphis, Tenn.; that at the breaking out of the late rebellion she resided in Decatur, Ala., where she remained until April, 1864, when, by reason of military operations in that vicinity, she was compelled to remove with her family, consisting of five small children, to Nashville, Tenn., subsequently removing to Memphis. She represents that at the breaking out of the rebellion, and for some years prior thereto, she was the owner in her sole individual right of a valuable improved estate, situated in and near Decatur, and of a large amount of personal property which she inherited from her father, who died in 1853. She further represents that the said personal property was worth, at a low valuation, not less than \$30,000; that when the Federal forces took possession of Decatur they took, used, carried away, or destroyed the property and buildings belonging to her, and that her dwelling was used as military headquarters for upward of two years; that during such occupancy it was damaged to the extent of \$5,000, and that the personal property taken from her and used by Union forces was worth not less than \$10,450.

The petitioner has submitted to the committee considerable evidence, which in a general way substantiates her claim, but your committee believe that they cannot give the case that thorough examination which it should receive, and are of opinion that the Commissioners of Claims have the requisite machinery to properly examine the case. Your committee are of opinion that the petitioner has an equitable claim against the Government, but express no opinion as to the amount. They believe that the case should be referred to the Commissioners of Claims, with authority to inquire into and examine the same, and accordingly report the accompanying bill conferring jurisdiction upon said commissioners, and recommend its passage.

FINANCE.

MARCH 3, 1875.—Laid on the table and ordered to be printed.

Mr. MAYNARD, from the Committee on Banking and Currency, submitted the following

REPORT:

[To accompany bills H. R. 3834 and 4377.]

The Committee on Banking and Currency, to whom were referred the bills H. R. 3834, entitled "A bill to substitute United States notes for the issues of the national banking associations," and H. R. 4377, entitled "A bill to provide for the retirement of national-bank notes and the substitution in lieu thereof of Treasury notes, and for reduction of the interest upon the public debt," having had them under consideration, beg leave to report:

These bills, differing in form, agree substantially in providing for the retirement of the national-bank notes and substituting for them United States notes.

This question presents itself to the committee in the twofold aspect of its effect upon the Treasury and upon the currency in the hands of the people.

To assist in reaching a proper conclusion, the committee invited a number of gentlemen from different parts of the United States, each distinguished either as a writer upon the currency or as a successful financier, and representing as far as practicable different classes or schools of financial opinion. Their statements are appended to this report, and form, in the judgment of the committee, a valuable contribution to this branch of political science.

In our discussions upon the currency it must be borne constantly in mind that the Government owes a large bonded debt, on which the interest is payable in coin, and which is likely to continue during the present generation. The interest, amounting now in round numbers to one hundred millions per annum, is payable and paid to the holders of the bonds, whoever and wherever they be. And it is immaterial, so far as the burden falls upon the Treasury, whether it be paid to bankers or to any other class of capitalists.

The national-bank notes have stood for several years at about three hundred and fifty millions. To retire these and substitute for circulation an equal amount of United States notes would require either an increase of the public debt to that amount, or a withdrawal of bonds, to be replaced by United States notes. It is not perceived how the Treasury would be benefited by an increase of the public debt, and it is not believed that our interest-bearing bonds could be exchanged for an additional issue of United States notes except at a great disadvantage in the transaction itself and to the serious detriment of the public credit;

so that it is not perceived how the Treasury could profit by the enactment of these bills into law. The indirect effects of retaining the bonds in the country rather than sending them abroad, and of paying the interest to citizens rather than to non-resident aliens, should not be left out of sight.

But in considering a measure of this kind the chief inquiry should be its bearing upon the business and private interests of the people. Indeed, under our system, any measure looking to the advantage of the Government which is inimical either to the security or prosperity of the people may be rejected at once as fundamentally wrong.

Of all our material interests the circulating medium, the currency, the money, is the most important, and has received first and last the most discussion. Forty years ago the question was agitated whether the money should be paper or coined metal. It was settled, as far, probably, as Federal law could settle it, by determining that for all Government uses, at home and abroad, coin alone should be adopted. Still the laws of commerce, the requirements of trade, the wants of the people prevailed over statutory enactments, and, with the exception of Texas and the Pacific coast and perhaps a few other inconsiderable localities, paper constituted the chief circulation. This obviously will so continue.

As paper has no intrinsic value, it becomes important to impart to it an artificial value at once uniform, stable, and certain. The value should be the same for the purposes of trade and exchange all over the country; it should not fluctuate, greater to-day and less to-morrow; it should be secure from destruction and loss.

The currency at present, and for ten years past, is twofold—United States notes and national-bank notes. The former are by law declared to be money; the latter are the promises of the banks to pay money. The committee have had several other bills referred to them looking to a substitution of the former for the latter, with a view to constitute them the sole currency of the country, to the exclusion of the latter.

One objection to the United States notes, legal-tenders, greenbacks, (using as well the legal as the common parlance designation,) is that they represent no commercial value, and are not subject to be redeemed. They are issued by the Government in payment of debt, and they cannot be converted into anything of intrinsic value, at the option of the holder. They must remain in the form of money and remain in the country, because they are not current elsewhere. In the nature of the case the amount issued must be limited by law; otherwise there might be a redundancy, which would derange all prices if it did not render them absolutely worthless.

Now, it would seem to be wholly impracticable to fix arbitrarily, by statute or otherwise, the amount of money in this country. That is a commercial matter, and not legal or political. The demands of commerce require so much money and no more. Too little, trade is embarrassed and other expedients are resorted to, chiefly individual credit. Those who have credit gain an immense advantage over those who have little or none. Too much money, prices are inflated, speculation and overtrading follow, with the same invariable result.

Coin, being current all over the world, naturally goes where it is most in demand as compared with other things. Hence, when in any country where the currency is coin or paper exchangeable for coin, there is an excess of it, the surplus will find its way to some place of greater demand, to make good any deficiency there. Not so the United States notes; whatever be their limit, at that they must remain, neither more

nor less. If the exact amount required by commerce, very well; but if more or less, there is no flexibility to meet commercial exigencies. Such is one of the difficulties experienced from this currency; it is not elastic.

To relieve it a bill was referred to this committee making the United States notes convertible into an interest-bearing bond which, at the option of the holder, should be reconvertible into United States notes.

Whether this would give elasticity to these notes or not would depend to some extent upon their total amount as fixed by law. If that amount were not above the ordinary commercial necessity of the country, it is not perceived how this plan would avail to meet an emergency. An excessive issue to be kept in the Treasury, and interest upon it to be paid, except when called out by some exigency of trade, might give elasticity, but at a very heavy cost. The operation of the scheme, as it seems to the committee, would be to make the United States Treasury the depository of all the idle money in the country, paying interest upon it to the owner without any compensating benefit. To make the plan successful, provision would be necessary for all parts of the country, at least for the business centers. Every citizen in the land having United States notes which he wished to convert into bonds, or bonds which he wished to reconvert into United States notes, would naturally insist upon an opportunity to do so, and that without much practical inconvenience. This would cause an immense number of distinct transactions, each of which would require to be properly recorded and certified, else the affairs of the Treasury would soon fall into inextricable confusion. The number of additional officials required can hardly be computed. The accounts alone would be beyond estimate. To calculate the interest on bonds outstanding, sometimes months, sometimes weeks, sometimes days only, would be a herculean task. Other questions arise by no means free from difficulty. Should the same bonds be re-issued; if so, how often? How authenticated, so as to guard against fraud? What disposition should be made for the custody and safe-keeping of the United States notes received for the Treasury, and for so depositing them that they could be easy of access to pay out on demand? Without dwelling longer, the scheme appears so expensive and cumbrous in practice, not to say hazardous and easy of abuse, while the advantages are so problematical, that the committee could not recommend its adoption.

The same want of elasticity has been experienced with the national-bank notes. The total amount issuable was fixed by law at \$354,000,000. Within this limit banking was a monopoly; and as there was practically no redemption, the bankers were interested in holding to their circulation, and the amount outstanding continued about the same; no excess was possible, and to the banks no diminution was desirable.

To remedy this defect, three several measures have been adopted:

First. Free banking, as it is called, meaning the privilege to establish as many national banks as may be desired, upon a compliance with the terms of the bank-act of January 15, 1875, section 3.

Second. Allowing banks to retire any portion or all of the circulation by depositing in the Treasury of the United States an equal amount of United States notes, with the privilege of withdrawing a corresponding amount of bonds deposited with the Treasurer as security for circulation. (Act June 20, 1874, section 4.)

Third. Providing for the redemption of the national-bank notes at the Treasury, and requiring each bank to keep in the Treasury five per cent. of its circulation for that purpose. (Act June 20, 1874, section 3.)

By the last provision redemption assumes a practicable shape. Notes not needed can easily and cheaply be returned to the bank of issue, there to remain until wanted in the business of the locality; that is, until some one is found willing to give security and to pay interest for their use. The law went into effect on the 1st day of July, 1874, and the national-bank notes received at the Treasury for redemption, pursuant to its provisions, amounted on the 1st day of March, 1875, a period of eight months, to \$85,142,758, or a little more than \$10,000,000 per month, and \$127,714,137 per year. This will effect a redemption of the entire bank-circulation in less than three years, and return it to the place of issue.

A very important incidental benefit results from the operations of this law. The bulk of the national-bank notes had, by long use, become much worn and mutilated, and in fact quite unfit for circulation. By this system of redemption, notes in this condition are retired and destroyed and new notes substituted. This is done without any trouble or cost to the general public, and with great advantage to every holder of money, whether the banker dealing with millions or the laborer whose cash is limited to his daily wages.

The operation of the first two provisions will more directly tend to give flexibility to the currency. Government bonds now and for a long time to come must be the standard of monetary value. Their actual value is more nearly fixed and invariable than any other vendible or purchasable commodity. Their variation in the market may be taken, therefore, more than anything else, to indicate either a stringency or redundancy in money. When there is a redundancy in money, bonds are purchased, and the price goes up; when there is a stringency, bonds are sold, and the price goes down. When, therefore, bonds go up in the market, the bonds will be withdrawn from the Treasury by the banks and sold. When the price falls, they will be brought either to establish new banks or add to the capital of banks already organized, so as to increase their circulation. If bonds rise, bonds will be sold by the banks and currency retired; if they fall, bonds will be bought by the banks and currency issued.

The amount of United States notes deposited to March 1, under the fourth section of the act of June 20, 1874, was \$12,348,000. Since the passage of the act of January 14, 1875, \$4,024,000, and a corresponding amount of bonds, withdrawn.

On the other hand, since the passage of the free-banking law of January 14, 1875, to the 1st of March, sixty-seven applications for new banks have been received by the Comptroller of the Currency, representing an aggregate capital of \$7,850,000; increase of capital has been applied for by existing banks, \$3,387,900; and increased circulation on capital already paid up, \$2,997,870; in all, \$14,234,770. These figures suggest very forcibly the probable effect of recent legislation.

Having considered the principal popular objections to the national-bank notes, it is proper to go a step further, and demonstrate their superiority, not only to the United States notes but to the notes of local banks organized under State or territorial law.

Their absolute safety in the hands of the holder is secured both by the Government guarantee and by the liability of the bank as a corporation and of the individual stockholders to twice the amount of their respective stock, while the Government is protected by the deposits of bonds in the Treasury one-ninth in excess of the amount guaranteed. A safer circulation cannot be imagined, and during the late panic men hoarded it with the same confidence they hoard coin.

Since the passage of the national-bank act of June 30, 1864, twenty-two hundred national banks have been established. Of these only thirty-five have failed or been placed into the hands of receivers: in 1865, one; in 1866, two; in 1867, seven; in 1868, three; in 1869, two; in 1871, four; in 1872, four; in 1873, eleven; and in 1874, one. The paid-up capital of these banks was \$8,311,000, less than 2 per cent. of the capital invested in the national banks of the whole country. Their circulation has been so effectually taken care of that it has never been assorted out for redemption or become uncurrent. Upon their other liabilities an average of 54½ per cent. has been paid.

This showing certainly indicates a vigorous and healthful financial life.

The Comptroller of the Currency, in his last annual report, gives the semi-annual dividends of all the national banks from 1869 to this time. The average is 5.09 per cent., or 10.18 ($10\frac{1}{5}$ nearly) per cent. per annum. The ten principal joint-stock banks of London, including their branches, made annual dividends the last year averaging 15.94 per cent. The usual dividends of the Bank of England are 10 per cent. per annum, but the amount has varied for some years past from 8 to 13 per cent. The profits of the national banks consist of the interest on their Government bonds and the discounts paid by their customers. The first is 6 per cent. in coin, equal—gold at $12\frac{1}{2}$ per cent. premium—to $6\frac{3}{4}$ per cent. Deduct this from the average of 10.18 per cent., it leaves 3.43 per cent., besides expenses to be collected from their customers in the form of discount.

It may be safely asserted, therefore, that the national-bank system is, of all forms of banking, the least expensive to the business community.

Another feature of first importance in a country like ours is in uniformity of value all over the land, so that a dollar on the frontier shall equal a dollar in the metropolis. This can never be the case with coin, either silver or gold. The cost of transportation will always appear in the form of exchange. Sometimes this cost is neutralized in commercial operations by converting the coin into some form of merchandise, which is transported in the course of trade, and at its destination reconverted into other coin; so that in fact there is no actual transportation of coin. But when the course of trade is not in the proper direction, the cost of transportation must be met, and exchange is said to be unfavorable. Nor can the circulation of local banks have a uniform value over a very widely extended district, never over the whole country, for reasons too obvious for statement. Hence, under our former State-bank system, we met a new currency in traveling a few hundred miles. Indeed, we had almost as many currencies as States, and all at a discount everywhere but at home.

The national-bank currency, on the other hand, redeemable at the Treasury of the United States, receivable for all Government dues, (except duties on imports,) and a tender for debts to any national bank in existence, is of equal and uniform value all over the land. Were it elevated to the coin standard by being redeemable both at the Treasury and at the counter in coin, it would doubtless be still better. But if we must choose between uniformity of value and redemption in specie, unable to enjoy both, the former is much the more desirable. One currency is a financial corollary to the ever-famous motto, "One Constitution, one country, one destiny."

In conclusion, we declare the national-bank currency the safest, the cheapest, and the best our country has ever known; to be perfected, but not impaired.

The first part of the paper is devoted to a general discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The second part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The third part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The fourth part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The fifth part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The sixth part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The seventh part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The eighth part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The ninth part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science. The tenth part of the paper is devoted to a detailed discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science.

VIEWS

EXPRESSED BEFORE

THE COMMITTEE ON BANKING AND CURRENCY.

WASHINGTON, *February 2, 1874.*

AMASA WALKER, of Massachusetts, came before the committee in response to its invitation.

The CHAIRMAN. We are endeavoring to ascertain what defects there are in our present monetary system, and how they should be remedied. We have invited several gentlemen of character and prominence to give us their views on that subject. A number of them have done so, and we should be very glad to hear you on that general range of inquiry.

Mr. WALKER. I take the position that the paper currency of the nation should be restored to par with coin. This is perfectly feasible, and the work should be commenced without delay, for the reason that the country cannot afford to wait longer, and that it is dangerous to wait; and for the reason that the present currency is not in harmony with the currency of commerce, because it is depreciated below the gold standard. Why depreciated? Not from any doubt of the ability of the Government to pay, but because it is redundant. The proof of this is found in the fact that the average per capita of the circulation from 1840 to 1860 was \$6, while at present it is \$17. And that is a low estimate, because we have all heard of the various contrivances made to evade the use of money. I doubt if the paper circulation to-day is less than one thousand millions, taking all kinds of drafts, orders, certificates, and due-bills used instead of money at the present time; and that, in proportion to the wealth of the country, is a redundant circulation. In 1860 the wealth of the country was sixteen billions, and its circulation \$207,000,000, equal to $1\frac{1}{4}$ per cent.

The CHAIRMAN. Can you tell us on what data you base your estimate of the amount of currency in circulation before the war?

Mr. WALKER. On the returns in the Secretary of the Treasury's office and the various documents that have been published. The report of the Comptroller of the Currency gives all these facts. They are easily verified or disproved.

The CHAIRMAN. There were no statistics kept of the currency at that time, were there?

Mr. WALKER. O, yes. The statistics go back to 1834, but no further back than that. They were kept in the Treasury, and within a few years past, when this question became interesting, they have been brought out from the archives. All these facts are quite accessible.

Mr. HAWLEY. Before the war the returns of circulation were made by the banks to the treasurers of the respective States?

Mr. WALKER. Yes; the returns were made by the State banks to the treasurers of their respective States, and were collected from them for the office of the Secretary of the Treasury here. Now, in 1870 the wealth of the country was thirty billions and the circulation \$725,000,000, or at the rate of two sixty-two and a half per cent., which was more than double the ratio of circulation in 1860; for as \$16,000,000,000 is to 207,000,000, so is 30,000,000,000 to 388,125,000, which would be, in that proportion, the proper measure of the present currency; so that the actual currency in circulation is nearly double its proper amount. And here I would say that it is not necessary that the currency should increase in proportion to population or wealth. That is a great popular mistake, and a fatal one, because it leads to bad results. The proof of this is found more particularly in the fact that in Great Britain, where they have the largest business, the widest commerce, and the greatest export and import trade of any nation in the world, the paper currency is essentially the same as it was fifty years ago. It has not varied a million of pounds sterling from what it was in 1824 and 1825. And yet its commerce has quadrupled and its population has doubled. I saw a detailed statement to-day, showing that the currency of Great Britain is £43,000,000 sterling, and I find that it was £42,000,000 in 1820 and 1825. It has not varied, as I say, a million sterling since that period. Now, if it were true that the currency must increase with population and with wealth, then this result would not have taken place. If it be asked why, the answer is very satisfactory, viz, that the facilities for using money have increased as rapidly as the increase of wealth and population.

Sir John Lubbock says that in his bank only 3 per cent. of money was used in settling £19,000,000 sterling.

Mr. HAWLEY. Three per cent. cash.

Mr. WALKER. Yes, 3 per cent. cash in a transfer of £19,000,000 sterling. I notice that as one of the popular errors, and one that produces bad results. The effect of this excess of currency is shown in increased prices. All prices become abnormal. Nothing is measured by a right standard, and therefore nothing is measured rightly, to the great injustice of one party or the other. The prices being entirely abnormal, justice is done nowhere. One party gets too much and the other too little. Now, I say that this state of things, this excess, injures every industrial interest in the nation. It injures our manufactures. Why? Because it raises the cost of production, and therefore we cannot ship our manufactures abroad as we could under a sound currency, because the cost has been so much enhanced at home that we cannot compete with the foreign market. The proof of that is this: In 1860 we shipped to China about \$11,000,000 worth of our cotton goods. The trade up to that date had been growing with great rapidity, and we had just got into that market. If that trade had continued in the same proportion, we should, by this time, have been exporting to China, under a normal state of things, \$30,000,000 worth of cotton goods. That is a matter of opinion, but it is one that is justified by the facts of the case. Now, what are the facts? In 1872 we exported to China but \$2,700,000 worth of cotton goods.

The CHAIRMAN. There is another explanation that may be given to that falling off. We had a very superior style of goods which we exported to China, and which were valued very highly there. The English manufacturers found out our trade-marks, counterfeited them, and put into the market a much inferior, but much cheaper style of goods, whereby they took the market away from us.

Mr. WALKER. That may be to some extent true. Not only is it the case in cottons, but also in boots and shoes. We were getting up a splendid trade in boots and shoes, which is the great manufacture of New England, and the greatest manufacture of the nation in point of amount. We were sending them to Australia, commanding a market there; we were sending them to South America, commanding a market there; and we were sending them to Canada, commanding a market there. Now, what is the fact to-day? The fact is that trade is almost annihilated, and there is no reason for it but the one which I have given.

Mr. HAWLEY. May I put in a reason? It is that we have had a big war, and have to pay big taxes, and that, aside from the depreciation of currency, production cannot be as cheap in this country as it used to be.

Mr. WALKER. That would be entering upon another question. But it is a well-settled point with economists that taxation does not raise general prices; that the prices are governed by the quantity of currency. Now, that can be as demonstrably shown as anything else.

Mr. HAWLEY. I think I pay more for my tobacco than I did before the war.

Mr. WALKER. I said "general prices." The price of tobacco is raised, but not to the amount of the taxation. If the tax is 50 cents, perhaps the price of the tobacco has been raised 45 cents. The whole taxation comes upon general commodities, the general price being the same. That is a matter that is demonstrable.

Mr. FARWELL. You think that this condition of things has damaged our manufactures so that we are not able to compete with foreign markets. Would it not be necessary for us, in order to be able to compete with other countries, to bring the price of our labor down to theirs?

Mr. WALKER. Not at all, because our labor was ten times as highly paid as labor was in China when we were shipping there \$11,000,000 worth of cotton goods.

Mr. FARWELL. Must not the prices paid to operatives be correspondingly reduced in order that we should continue to export?

Mr. WALKER. The prices of labor would have to come down to their normal rate, or about where they were before the war.

The CHAIRMAN. Are you prepared to tell us whether the amount of cotton manufactured in this country has increased or diminished since the war?

Mr. WALKER. I have not the facts fresh here now. But I think there is no doubt that their manufacture has increased. The country is growing fast in population.

Mr. FARWELL. You say that on account of this redundant currency we have been prohibited competing with foreign nations. Does not the fact come in here that if our labor is paid in depreciated currency, the premium on gold received by our manufacturers comes in to balance the extra price?

Mr. WALKER. Only in part. I have recently by accident met the largest manufacturer in New England; one of the ablest, most intelligent men in the trade; the head of two vast manufacturing corporations of cotton goods. I said to him, "I want to know how much labor has advanced in your manufactories since the war?" He said, "We have ascertained that with very great care and precision, and we find it to be 56 per cent." And his is not skilled labor. A great part of it is performed by girls and boys who can in a fortnight do it as well as they can ever afterward.

Mr. FARWELL. Do you not regard it as a healthy sign to have the substrata of society well paid?

Mr. WALKER. Yes; but I should be more satisfied if, after you had paid them 56 per cent.

more for their labor, you did not have to charge them 75 per cent. more for everything that they consume.

Mr. FARWELL. Yes, if that is true.

Mr. WALKER. O, that is true. No one will deny that a dollar to-day does not buy more for all the general expenses of a family than sixty cents did before the war; and if that be so, the laborer does not gain by the change, but loses, as I suppose. This gentleman went on to say further that his supplies outside of cotton (because in cotton-factories a great variety of articles are consumed) averaged precisely the same advance of 56 per cent. I regard that as a most important fact, as showing that the advance is brought about under the action of a uniform law. This same gentleman says, "Before the war I used to come into Boston and sell my goods to the tea-merchant, who shipped them in American bottoms to China, and brought home the proceeds in teas in American bottoms." Now, the trade is almost entirely cut off. The whole shipment from this country was only 4,000 bales last year, while England sent 250,000 bales of the same goods that we should have sent. He says "that the English have imitated our styles, and they will have the market until we get it again; and we shall get it again," he says, "whenever we have a sound currency, not before."

Now, the committee will see that this state of the money-market entirely neutralizes protection. This man said to me that if we could have a sound currency we have all the protection that we want to compete with any part of the world, and I have had the same testimony from two of the largest hardware-manufacturers. Another manufacturer has said to me, "Give us a sound currency and freedom to get our commodities where we can get them to the best advantage, and we can send our goods to Birmingham and Sheffield, or to any market in the world. We are ready to enter into the most perfect competition." Now, if a depreciated currency neutralizes protection, I apprehend that that is an argument why those who favor protection should wish to have a sound currency.

The next interest that I mention is navigation. The committee is aware that that has fallen off immensely. The American tonnage that entered our ports in 1860 was in excess of foreign tonnage by 3,577,370 tons. In 1869 the foreign tonnage was in excess of the American by 1,924,000 tons, making a difference of 5,501,370. We have not only lost our own carrying-trade, but we cannot build ships; that is all out of the question. You may subsidize as much as you please. The money will be wasted, and that will be the end of it. As to establishing American commerce under the present currency, it is impossible.

Mr. HAWLEY. John Roach differs from you.

The CHAIRMAN. Has the business of ship-building been as prosperous any season for the last twenty years as it has been this last season?

Mr. WALKER. I am perfectly cognizant of the recent increase of business in ship-building. But what is the cause of that start? It is because there had been such a cessation of ship-building in this country, while there had not been any corresponding increase of ship-building in other countries; so that there is now a flurry in ship-building. But no man will say that we can compete with England in ship-building with such a currency as we have, and with our labor 60 per cent. dearer, (and 62½ per cent. of all the cost of building an iron steam-vessel goes to labor.)

Mr. HUNTER. Has not our ship-building increased more rapidly in the last two years than British ship-building?

Mr. WALKER. I have not the data. It may be so, but I do not think it is.

Now, as to our mining interests. How are they affected? I allude especially to the mining of precious metals. Since 1860 we have added to our paper currency at least \$584,000,000.

Mr. FARWELL. Mr. Williams, of the Metropolitan Bank of New York, makes the increase much less. He makes it only \$160,000,000.

Mr. WALKER. The reduced figure is obtained by trying to get the net amount in circulation; but if you take the net amount in circulation now and the net amount in circulation in 1860, I think I am right in my comparison of the two periods. The effect of this on the production of precious metals is that every paper dollar expels a gold dollar—takes the place of a gold dollar, and of course decreases demand for gold, and therefore decreases its value. England has done no such foolish thing as that. She has not changed her currency, her circulation being essentially the same to-day as it was in 1820. But we have done that thing, to the great disadvantage of our mining interests.

Mr. HUBBELL. It costs the English 30 cents a pound to lay copper in New York, while we do it at 27 cents. How do you account for that?

Mr. WALKER. Because we have the greatest facilities for producing it.

Now, we have not only introduced this enormous amount of paper currency, but Germany has 540,000,000 of thalers of paper currency, equal to \$400,000,000, three-fourths of which, as Mr. Schurz informs me, has been created since the discovery of the mines; yet twenty years ago Germany had only 60,000,000 of paper currency. All that increase of paper money affects, of course, the value of gold, and hence I say that the depreciation in the value of gold, or, in other words, the rise in prices, of which we hear so much, is one half owing to the decrease in the value of gold, and the other half to the simultaneous increase of paper money.

Another great interest, and the most important interest of the country, is the most depreciated, namely, agriculture. Why? Because the farmer must sell his productions at what

they are worth in gold to ship abroad, because there is an immense surplus in this country, and whatever the surplus is worth determines of course the price of the whole crop. The farmer, therefore, sells by the gold standard, *plus* the premium, and he purchases by the paper-money standard.

Mr. FARWELL. Does not that thing equalize itself? If the farmer sells his wheat in New York for gold, when he converts the gold into currency, does not the one balance the other?

Mr. WALKER. I hold myself responsible for anything I say. Now take it in the form of an illustration. A farmer, before the war, wanted to buy a pair of boots, and got them for the price of three bushels of wheat—a dollar a bushel. Now he pays four and a half dollars for his boots, and gets only a dollar a bushel for his wheat.

Mr. MERRIAM. Does he actually get the same price as he got before the war?

Mr. WALKER. The great staples are no higher than they were before the war; that is, they are at the same nominal price now in greenbacks that they were then in gold.

The CHAIRMAN. Then how do you say that the expenses of a workman's living have increased 75 per cent. if the great staples on which he lives are no higher than they were before the war?

Mr. WALKER. They are only a part of what he lives upon. I said that the general expenses of living were 75 per cent. higher. Laborers want all the common luxuries of life, and they have them.

Mr. FARWELL. May not that be attributable to other changes, and not attributable to the currency? You cannot name one thing, perhaps, which maintains a uniform price through a series of years, and that is not affected and regulated by the great law of supply and demand.

Mr. HAWLEY. This question settles it: Does it cost the farmer any more to live than it did in 1860? Does it not cost you 75 per cent. more than it did in 1860, if you live on the same scale? And yet the difference between currency and gold is only from 10 to 15 per cent.

The CHAIRMAN. But then the question arises: Does it cost the farmer as much to raise his wheat now as it did before the war, in view of the new processes by which production has been wonderfully increased? A gentleman told me in California two years ago that he saw 2,800 bushels of wheat reaped and sent right to the market in one day.

Mr. HUBBELL. I know a farm in Michigan which it used to take ten men to work, and now a farmer and two men raise more than was raised then.

Mr. WALKER. I have stated that the great staples are no higher than they were before the expansion. Mess beef, from 1863 to 1860, (three years,) averaged \$12.17 per barrel, and from 1871 to 1873, \$11.17 per barrel in currency. Mess pork, from 1858 to 1860, averaged \$16.91, and from 1871 to 1873, \$16.34. Corn averaged, from 1858 to 1860, 83 cents per bushel, and from 1871 to 1873, 77 cents. These prices are taken from the 1st of January of each year, as shown by the New York price-current. Flour, another important commodity, averaged for the three years from 1858 to 1860, \$5.81 per barrel, and for the last three years, \$5.12.

Now, as to transportation. The farmers of the West cannot have such cheap transportation as they ought to have, because the running expenses of railroads are increased enormously in consequence of the rise in prices both of labor and materials, and the first reformation that is needed is the restoration of good currency. Then the railroads can work at a fair price. By the foregoing it appears that the chief products of the chief industry of the nation bear a less price now in depreciated paper than they did in a currency at par with gold before the war. Thus the West bears the main brunt of loss arising from a depreciated currency, because its leading staples afford a surplus that must be exported. But all farmers suffer, East as well as West. The farmers in Worcester County, in Massachusetts, have told me that they cannot get 3 per cent. on their investments, and they say that they are leaving off agriculture because they cannot afford to hire labor to carry it on.

Mr. MERRIAM. Did they receive more than 3 per cent. before the war, after deducting the cost of their living?

Mr. WALKER. They were satisfied and prosperous then; now they are selling their farms to foreigners.

The CHAIRMAN. Has your attention been called to the cotton-crop?

Mr. WALKER. I have not said anything about cotton, because that crop is not in a normal condition. Its production is not as large as it was in 1860. It is now somewhat near 4,000,000 bales, whereas, if its production had increased in the same ratio as it did from 1850 to 1860, it would be over 11,000,000 bales. Its present condition is abnormal, owing to the great revolution of the labor in the South; but the South suffers just as much from the depreciated currency as the East or West does.

Now, I say that manufactures, mining, and agriculture all share in the loss, but the West is by far the greatest sufferer. The country suffers not only loss but dishonor. I maintain that it is a national disgrace that America, with the greatest resources of any nation in the world, having the greatest power for production and the greatest amount of capital, shall be put in the same category with Russia, Austria, Italy, Turkey, and other bankrupt governments. Our national credit, what is it? Is it equal to that of Great Britain? We pay two-thirds more interest. Our 5 per cents bring just the same price in the London market as the English 3 per cents.

Mr. MERRIAM. Does not that arise from the fact that all the funds belonging to the courts and to the great estates in Great Britain are invested in the 3 per cent. consols, and also that, being a home obligation, the price is kept up?

Mr. WALKER. I will admit that it is natural that British stock should be more salable in Great Britain than American stock; but is not the difference marvelous?

Mr. HAWLEY. The nature of the loan, too, is different. Ours is a five-twenty loan, and the English is an eternal one.

Mr. MERRIAM. Is it not a fact that our bonds bring higher prices in London than the bonds of any other nation except England?

Mr. WALKER. I have not got the stock-list here, and I shall not admit that such is the fact.

The CHAIRMAN. What are the English consols quoted at?

Mr. WALKER. The last quotation which I saw was about 92, and our five-twenties 92½ or 92½, more or less.

Mr. MERRIAM. Can you give us the amount of the British consols?

Mr. WALKER. They may be about \$3,500,000,000. The national debt has long been about \$4,000,000,000, but I think it is now down to about \$3,800,000,000. Some of it exists in some other form than as consols, and therefore I would not be positive as to the amount of the consols.

Now, I should be somewhat mortified, on the 4th of July, 1876, to have our distinguished friends from abroad come here and be compelled to accept the ten-cent notes of the American Government, and these 10 per cent. below par. What is the remedy for all this? I answer, contraction. There is no other; there can be no other; there can be no evasion of it. The only question is, when and how. In reference to the first, I say it should be commenced at once, for the reason, which I have given, that all the great interests of the country are suffering, and especially its agricultural interests; there should be no delay.

How should the contraction be effected? I answer, first, it should be done in such a plain, reliable manner that the whole people can understand it. There should be no legerdemain about it; nothing but what common farmers can understand well.

2d. It should be done carefully and kindly, because the people should be injured as little as possible, and the public interests and the private interests disturbed as little as possible by the restoration.

3d. It should be done cautiously; that is, notice should be given when the process is to be commenced several months beforehand; and the reason of that is that those who owe debts on paper running to maturity should be able to pay them before the contraction should affect their obligations. That Congress can do. It can say, for instance, that it will commence on the 4th of July next. That would be in six months, and business-paper does not average more than about three months. Then, if it was done gradually, all existing paper would be paid at the old standard, and new paper would be made in view of the change, and therefore as little injustice as possible would be done.

4th. There should be a gradual but steady and certain process—so much per month, which will make the operation as imperceptible as it is possible to make it. I fancy that it would be nearly imperceptible as to time, and that there would be no period at which it could be said that there was any effect at all produced; but you would see the final result in the ultimate effect of the process.

5th. I say it should be automatic; that is, there should be no official interference. Nothing should be left discretionary with the public officers. Nothing can be more dangerous, foolish, and unwise than that; because the moment you give a public officer the authority to issue fifty, forty, or twenty millions when he pleases, you give him authority to speculate to any extent, or you allow his friends, who may be able to know what he is going to do, to speculate. We have had evidence enough of the wickedness of that already. It should be done in such a way that, the law once made, the thing would operate itself.

And, lastly, it should be voluntary on the part of the people. They were compelled to take the currency; they should not be forced to give it up. On the other hand, they should have the privilege of doing so if they choose. I hold to both parts of that proposition. Not a dollar need be taken arbitrarily from the people. They should only be allowed to fund their notes, according to the original promise, in the bonds of the Government. This whole amount of greenbacks nearly was forced out in the first place, but the people were allowed to fund them. They all got into circulation, however, after which they could not be withdrawn, the law permitting the funding of legal-tenders in United States bonds being repealed, (and that was one of the great mistakes of our financial policy.) The privilege was taken away, and it should now be restored on the principle of good faith, if there was not any other reason. Now, if these conditions are just, the mode adopted should answer to them.

I will detain the committee now only to notice some of the plans proposed in reference to the currency, and to indicate the one which seems to me best adapted to the purpose. The different projects already presented to Congress (and their name is legion) may be divided into three general classes: 1st. Those that contemplate expansion, like Senator Ferry's, who would have a circulation of \$800,000,000. There is a great variety of them, but I shall say nothing in regard to them, as they seem to me preposterous and in the highest degree

dangerous. 2d. Those who would limit the present issue to \$356,000,000, or at farthest \$400,000,000. Of these I need say little, since I have already spoken of the injurious influence of the existing redundancy on the general welfare of the country; but I insist that we cannot stand still. We have already commenced expansion, and every additional issue increases the danger: "*Facilis est descensus.*"

The CHAIRMAN. Give us the other part, "*sed revocare gradum.*"

Mr. WALKER. That would indeed be very hard. In this connection I would refer to Mr. Buckingham's plan for free banking, and others of the same sort. Free banking, what is it? Is it the borrowing and lending of money? That is banking strictly speaking, but the manufacturing of currency is not necessary to banking. To free banking there is no possible objection. Every man, every firm, every company, should bank just as much as they please; but the question of their manufacturing currency for the country is altogether another matter, and that they should never have been allowed to do. Free banking in connection with the present currency, if it is to expand it at all, I object to entirely on that ground, not on the ground that free banking is wrong. On the other hand, legitimate banking should be as free as the manufacturing of cotton goods or anything else.

Another project, and a somewhat conspicuous one, is interconvertible bonds interchangeable for legal-tenders back and forth. That, I observe, is a feature in a great many bills and speeches. These interchangeable bonds should be at 3.65. Now, of all the projects presented this seems to me the most objectionable, because, when these bonds were issued, who would want them? The people? The merchants? Not at all. Could they make any use of them? Not at all. They would never see or hear of them except as they might hear of them in Wall street among brokers. Speculators would want them, for they would be the best thing to promote speculation. You cannot confer a greater favor on those who make rings and corners than to pass a law of that kind, because they would at any time be able to hold funds bearing 3.65 per cent. interest accumulating in their hands all the time, and which they can present at any moment, get greenbacks for them, and go to the market on the other side of the corner.

Another project is that of purchasing gold. The proposition is made in some quarters, I believe, to purchase \$200,000,000 to enable the Government to resume.

Mr. MERRIAM. That is exploded long ago.

Mr. WALKER. I hear speeches made about it nearly every day. I hope it is exploded, because it is an idle proposition.

I now come to the third category of those plans, which contemplate absolute contraction to a greater or less extent; and, first, I will notice that of Mr. Pierce, the new member from Massachusetts. By his plan the Secretary is to prepare \$200,000,000 in legal-tender notes, and issue them at the rate of \$5,000,000 per month; these notes to be redeemable in monthly installments of \$5,000,000 per month after the 1st of January, 1875, and an equal amount of greenbacks to be canceled monthly.

Mr. HUNTER. I understand that the Government cannot issue legal-tenders now.

Mr. WALKER. I insist that Congress is as omnipotent to take in the currency as it was to put it out, and should take it in by the best process; and if it is the best process to issue such notes, Congress has the right to do it, and I have no question but that the Supreme Court would sanction it. These notes so issued are to be sold at auction, and because they are to be payable in gold, and as soon as issued, they would be of course worth some premium. Now, I object to that feature, because it would bring us into Wall street among the brokers and money-changers, while every sale of the notes would disturb the money-market. But my main objection to that plan is that it does not insure the restoration. Suppose the \$200,000,000 put out, would the remaining currency be at par with gold, with \$525,000,000 left where we had only \$207,000,000 in 1860, the most prosperous year which we ever had in industry up to that time? I maintain with entire confidence that it would be an utter impossibility. Then, if specie payment was not restored, Congress would have the whole matter again under discussion. The thing would not be settled, only postponed forty months, (for it takes forty months to bring about that operation,) and then the whole thing would be discussed again as to-day. It ought to be settled now, so that everybody should know just where the beginning and end both are.

Another not very formidable objection is, that it makes a new kind of currency, and we have already five kinds authorized and several more talked of.

Another objection is, that the common people would never have anything to do with the matter. But there is one good feature in Mr. Pierce's bill, an admirable one, and that is, that it establishes a clearing-house, which I hold to be a *sine qua non* entirely indispensable. A clearing-house ought to have been established when we incorporated the national banks, but we did not do it, and that was a great mistake. Influences were against it then, and will be against it now, and I fear it cannot be done, and the whole currency system will be a perfect chaos. It is impossible to control the currency and to manage it, except every bank is made responsible for its notes. I saw the other day the president of a Saint Paul's bank, who said to me, "The circulation of my bank is \$360,000; and upon my word I do not think there are \$20,000 of the notes in the whole Valley of the Mississippi." They had all gone East, and that is the last that will ever be cared about them until some system of redemption is established by which it will be found out what the circulation of a bank is.

Mr. FARWELL. Did the gentleman speak of it as a hardship to his bank?

Mr. WALKER. No; but I mention it to show the folly of establishing banks in the West as a means of increasing circulation. The more banks you establish the less circulation you will have.

Mr. HUNTER. The difficulty is this: that the circulation of the western banks goes East, and that of the eastern banks goes West.

Mr. WALKER. That is because the people would have it so.

Mr. MERRIAM. The circulation goes where it is wanted, in obedience to the law of supply and demand.

Mr. FARWELL. What is your plan?

Mr. WALKER. The plan submitted by Senator Sumner. That is the plan which proposes voluntary contraction. This bill of Mr. Sumner's was submitted two years ago, and has been indorsed by the Boston Board of Trade and by the principal newspapers East and West. It was noticed two years ago in the Cincinnati, Chicago, and Louisville papers, and with high approbation. It proposes simply a substitution of compound-interest notes for the present greenbacks. The original bill proposed that \$10,000,000 of these compound-interest notes should be issued each month, payable in three years and convertible in two years into ten-forty 5 per cents. The issue of them is proposed to commence on the 1st of July next. The interval between now and then would leave several months before the law would begin to operate, and then it will only operate at the rate of \$10,000,000 a month; the interest to be 6 per cent. By the way, it is very important that the interest should be 6 per cent. Why? Because we wish to accomplish a given object. What is that? To cause a gradual but certain contraction of this currency; and to be sure of that you must have the interest at 6 per cent. When the bill for the original compound-interest notes was presented in 1863 in the House, of which I was then a member, the interest was proposed to be 3.65. I moved at once that instead of that measure they should issue \$300,000,000 of compound-interest notes bearing 6 per cent. The matter was referred back to the committee, and it was carried unanimously in the committee and in the House, too; and it proved to be a very efficient measure. The compound-interest notes to be issued under Senator Sumner's bill are to be just like those notes which have been issued and paid. They are to be paid out for all Government dues. They would be paid out at the rate of \$10,000,000 a month in every State from Maine to California, and would thus be scattered in the hands of the people if the law is faithfully executed.

Mr. HAWLEY. What denomination do you propose for these compound-interest notes?

Mr. WALKER. Five dollars and upward.

Mr. PHELPS. It would take all the clerical force in the Treasury to take charge of them if the denomination is made as low as \$5.

Mr. WALKER. I think it might be just as well to have them at \$20. They would naturally be hoarded. Every man and every woman who has a surplus of \$20 would keep it in the shape of these compound-interest notes. They will be gradually funded after two years. They will be in effect a popular loan; that is, the loan will be taken by the people and not taken in Wall street. It is a measure perfectly analogous in its operation to the popular loan which Louis Napoleon issued some eight or ten years ago, and which produced such a wonderful change in all ideas of finance and funding. He just made that appeal, put his *rentes*, as they are called, down to 100 francs each, and they went all over France. The common people took them. Louis Napoleon raised his money, and might have had five times as much if he chose. That experiment showed that in all countries there is a large amount of funds lying around in the hands of the people which they would be very glad to invest in this way. It may be asked why they would not put their hoardings in savings-banks; but there is a very good reason for their not doing so. A person having some little money lying by may say, "I may want to use this money in a week or in a month; if I put it into a savings-bank for that time, it will draw no interest; but if I put it in these compound-interest notes, it will bear interest to the day I want to use it."

Then there is another consideration of very great importance. If that plan is adopted, and if there should become a hard pressure for money, (although I believe the effect will be just the opposite,) these compound-interest notes will go into circulation, and will make money plentier and the rate of interest lower, until it gets to the natural point. All danger of panic is entirely prevented, so far as these notes are concerned; for under a heavy pressure they will come right out again when money is at high rates of interest, as it is at times of panics. But there is not the slightest danger of any such result at all. Therefore this mode will effect the restoration of the currency almost imperceptibly, (quite so as to any particular time,) and without any hinderance to trade or any disturbance to the industry of the country. All that the people need and all that they should ask is to restore the currency to par with gold; and, when that is accomplished, the country will enjoy a higher degree of prosperity than was ever known in any period of its history. This must be so. The elements of prosperity in this nation are greater and more powerful than they have ever been before. The elements of prosperity are so immense that we are still a prosperous people, as compared to other nations, notwithstanding our bad currency; and yet we have not the prosperity which we should have if we had a currency at par with the currency of commerce.

Mr. FARWELL. It is claimed, however, that this very currency which you have criticised so severely is one of the prime causes of the great prosperity of the country.

Mr. WALKER. I have no doubt that it is so claimed ; but I suppose you do not believe it. Those who do believe it may enjoy their belief.

The CHAIRMAN. There are some very intelligent people who do.

Mr. FARWELL. And it is also claimed that the very contraction which you desire would check the prosperity of the country.

Mr. WALKER. That is a matter of opinion with which I do not agree.

Mr. HUNTER. Have we had as much prosperity in any term of years as since the war ?

Mr. WALKER. O, yes, I think so. I have had occasion to watch commercial matters for a long period, and I have been engaged in those studies and in business all my life. I think that the elements of prosperity are greater now than ever before, and that our only embarrassment is our terribly depreciated and disordered currency.

Mr. MERRIAM. In your part of the country is it a fact that the laboring classes are better dressed, better fed, better able to raise their families, and better able to buy little homes for themselves within the last ten years than ever before ?

Mr. WALKER. I would say not. I will tell you what I observe. I observe that there are more palaces and more cottages ; that the difference between the laboring classes and those who get the profits of labor is becoming wider and deeper. All over New England the mechanics who used to build two-story houses for their families now build one-story or one-and-a-half-story houses.

Mr. MERRIAM. What is the relative difference, now and before the war, of pauperism in your State ?

Mr. WALKER. I am not aware that there has been any increase or diminution.

Mr. FARWELL. You say that this depreciated currency has produced large prices for skilled and unskilled labor ?

Mr. WALKER. Yes ; it has increased the price of labor.

Mr. FARWELL. At the same time you say that in order to get back to the prosperous condition which you aim at, the price of labor has got to be reduced very much ?

Mr. WALKER. Yes.

Mr. FARWELL. And in another branch of your subject you state that corn and wheat, and flour and beef, which the laboring classes consume, are really less in price than they were then. That seems to be a very great contradiction.

Mr. WALKER. There you strike another point ; that is, that the farming interests are certainly depreciated as compared with other interests. What is the cause ? I have shown the cause. Labor is being driven from agriculture into manufactures. But manufactures are already supplied with labor, and therefore, even with our present currency, we are going to bring down the price of labor. The raising of wheat, the most profitable industry of the country, is not as profitable as it should be, in consequence of the currency.

Mr. FARWELL. If you reduce the price of daily labor to your standard, why not further reduce the price of grain in the same proportion ?

Mr. WALKER. Because the price of grain is decided by its market-value in Europe. That is the great fact which must be kept in mind—that we depend upon the markets of Europe entirely for the disposal of our surplus grain.

The CHAIRMAN. Of course the price of grain in Europe depends upon the crops raised there.

Mr. WALKER, [proceeding with his argument.] When the greenbacks are withdrawn gold will be at par, because the national-bank notes will be no larger in quantity than the wants of the country demand. The banks must supply themselves with gold, because there will be no other legal currency for their reserves. This plan brings the present currency at once under the laws of trade.

Mr. HAWLEY. Are your compound-interest notes to be legal tenders ?

Mr. WALKER. Certainly. There is no other plan of bringing the country directly under the laws of trade.

Mr. HAWLEY. As you fund them you open free banking ?

Mr. WALKER. Have as much free banking as you please when you have a sound currency.

Mr. HAWLEY. The moment you begin to fund there is then an actual contraction of the circulating-medium. Would you allow free banking to supply that vacuum ?

Mr. WALKER. Most certainly, if there is any vacuum. In conclusion, I say, this plan fulfills all the conditions for contracting the currency in the best manner :

- 1st. It is considerate of private interests.
- 2d. It is gradual, as consistent with the general good.
- 3d. It is complete, steady, and certain in its operation.
- 4th. It is voluntary on the part of the people.
- 5th. It is automatic. It requires no regulation, no tampering of officials.

By it the people are merely permitted, of their own motion, to restore the currency to par with gold. That is all they need. When accomplished, the country will enjoy a higher degree of prosperity than it has ever known in any period of its past history.

If the resumption of specie-payment is desired, if it is to be effected with the least disturbance to the industry of the country, I do not hesitate to say that the plan of *substitution* is by far the best that has yet been presented.

WASHINGTON, D. C., February 3, 1874.

J. K. SANBORN, of Sandy Hill, N. Y., manufacturer of machinery for twenty years, appeared before the committee.

The CHAIRMAN. Please give us your views on the currency, its defects and their remedies.

Mr. SANBORN. In the first place, there is no standard of value; even values themselves cannot become standards. Values are the products of industry that are enjoyed in civilized life, and their abundance distinguishes it from savage, barbarous, or semi-civilized life. The subject of political economy I omit entirely. I consider currency as a representative of value and performing the office of exchange of values from the producer to the consumer. The amount required by any nation will depend on the amount of production and the territorial limits and facilities of exchange. The measure of the currency is some portion of the value of the productions. The measure of the value of the productions will at all times be the price of the labor and material that enter into that production, and the rate per cent. rents upon the property employed in production, which we are pleased to call real estate, and the fixtures employed. Besides this sum, an allowance should be made for an additional sum for the exchange of real estate and the payment of taxes, all of which must enter into and form a part in the consideration of the sum of the currency which a nation will use in a given time. Our annual productions do not fall short, at the present time, of eight billions. The amount of this which necessarily, in our division of labor, changes from the producer to the consumer, is not less than six billions of dollars. I think this may be exchanged with about one-half of its value, three billions. Productions require on the average about six months for their creation and transit. Besides this sum, an amount is required in payment of taxes, which in the United States amount to twelve hundred millions of dollars. The currency required to do this is about \$300,000,000, the sums being about three months in transit from payer to payee.

The CHAIRMAN. This twelve hundred millions includes all taxes, national, State, county, and town?

Mr. SANBORN. Yes, all. Besides this, I will assume, which is mere assumption, that the real estate exchanged will require a sum of \$300,000,000, making in all three billions six hundred millions, the sum of the representative of value in use in the United States required for the yearly transaction of business. Legislation has furnished of this amount about \$500,000,000. The balance has been furnished by individual notes or obligations, promises to pay United States notes or national-bank notes within a given time. The payment of these notes has for the past two years kept the Treasury notes and the bank-notes all the time in use, and such has been the demand for these notes for this purpose, including the taxes, that interest has become high, so high that they could not be used with profit in any productive enterprise. In fact, they could not be got, being completely occupied in the payment of this species of representative of value, as a greater necessity in the order of business; and in September last they failed to do that, from the fact that the sum of currency was not sufficient. It became practically impossible, in the ordinary transaction of business, to pay these notes with the sum of the currency, and the people seized upon the currency, and put it away for their immediate and remote needs, as they deemed prudent. And this prudence, this operation, we have named panic. Practically the sum, upon an equal division, would be \$12.50 a person to all the nation; and it is a matter which legislators may well consider, whether a people should not exercise so much prudence in the conduct of their economies as not to have in hand at all times so much money as \$12.50. And they may make provision for this demand and add it to the sum I have before named, making the sum of all the currency required by our nation at the present time \$4,100,000,000.

In 1860 our productions in sum-amount, as valued, were four billions, about one-half of the present sum-amount of the value of our productions. The entire valuation of the property of the nation was then \$16,000,000,000. The valuation now exceeds \$30,000,000,000. By this we perceive the amount of currency required is on the increase, and will be in the future, as the population increases from year to year, and as the productions, real estate, and taxes increase. What sum legislation shall fail to provide the people will supply of some quality or other, which will at times be less in value, as named upon the face, than that which legislation may furnish. When necessity compels the use of such a currency, productive enterprise is impeded, as it is on the contrary accelerated by having an amount of currency authorized by law in amount approximating or equal to the wants of the people. It is of the highest importance that production should have all the encouragement and protection that can be given it. The sure incentive to production is a good price, and the payment in money for the same when it is produced. You may ask if there may not be an overproduction. Not so long as our own importations shall exceed our exportations. You may say that so large an amount of currency will increase prices. It is not the quantity of the currency that enhances prices and makes fictitious values, but the quality. Prices are made more or less, as the demand may be more or less, or the quantity less or more, of a particular article at any given time. High prices always encourage production, and will increase till demand is satisfied and lower prices succeed. You may ask if so large a sum of currency will not excite speculation. With a sufficient amount of such currency, of such a quality as we now have, all speculations would be harmless, from the fact that they

would be made by the use of money and would not impede productions. The producer would be paid for his products when made, which would enable him to continue his operations, and the national wealth would all the time augment. The speculator could not, under any false pretense, obtain his values by the use of any fictitious representative of value. Gold has not been considered a representative of value in this computation, from the fact that it has ceased to be a representative of value, so far as the exchange of products has been concerned, and has not been used in the exchange of products as such for the last ten years.

The CHAIRMAN. Do you limit that remark to this country or to the world?

Mr. SANBORN. To this country, of course. Gold is itself a production, and in price is governed by laws of trade. When the demand is great, prices advance. When the demand lessens, so does the price of gold. As a commercial commodity, the demand for it is just in proportion as our imports exceed our exports and the demands for it by Government to pay interest. The price of it above its stamped or nominal value is fictitious, and is due to the supposed transactions with it in Wall street, not to the real. Were these supposed transactions suppressed, the price could not exceed its par value; and was the balance of trade in our favor, it would not be equal to our national currency in sum-amounts. As demand for it has its source in the excess of our imports over our exports, and by Government in demanding it in payment of its dues, it is plain that were our imports on the decrease, and were the payments on our national indebtedness on the decrease, the demand for gold would be on the decrease, as it has been most clearly demonstrated by the last ten years' experience. Gold has not been a necessity to our domestic commerce. So far as dealings in gold in Wall street are concerned, except as to the sum of the balance of trade against us, which would not probably ever be but a comparatively small sum, gold is not at all necessary. You may ask if I do not consider that our currency should have a gold basis. Gold for a currency would never be used in preference to paper. Experience has taught that. A banking system founded upon specie, in control of bank-officers entirely, would not be so safe nor supply the needs of commerce so well as a system having for its basis a Government bond payable in gold, held by the Government as security for the redemption of its notes. Experience has taught us that this bond should bear but a small rate of interest, and be convertible and reconvertible, to give to the currency elasticity.

The CHAIRMAN. The question, as it has been presented to the committee, is not between a currency resting upon Government securities under the national banking system and a currency resting upon a specie basis in the hands of private bankers, but whether the national currency, in addition to the support it derives from the public credit, should not also be made convertible into specie at the pleasure of the holder. That is the point exactly that is presented for our particular consideration. I would like to know your opinion.

Mr. SANBORN. It is a very desirable point to attain.

The CHAIRMAN. Is it better for the country to attain that?

Mr. SANBORN. To be sure it would be. Should we depend on a banking system for all our currency? It is evident from experience that we should not. It gives the power to make money scarce and high to those who have the monopoly of its sale. Experience has taught that they use that power to impede domestic production and render industry non-remunerative. The demand for currency will be the most satisfactorily supplied by the issue of United States notes redeemable in a bond bearing a small rate of interest and reconvertible at the option of the holder and payable at the option of the Government as to time before a given date in gold.

Mr. PHELPS. Do you want these Government bonds made a legal-tender?

Mr. SANBORN. Certainly so.

Mr. PHELPS. Suppose by the decision of the Supreme Court you cannot?

Mr. SANBORN. Then I would do the next best thing possible to produce the most production in the country; I would not attempt an impossibility. I have not considered the subject of foreign commerce, because it is not to the interest of the nation to encourage it to the detriment of home productions. Importation of all articles not entering into our home products, or articles which our people are engaged in manufacturing, should not be encouraged. All possible encouragement should be given to home productions until we produce all we consume and have a surplus to sell for gold to pay our national debt. Experience has also taught us no agent is so powerful to accomplish this as a sufficient supply of a good currency. Have the profits of production good, and speculations will cease or become harmless in a national point of view. An increase of national currency will not be an increase of the representative of value, but will place in the hands of the people a good currency or representative of value for the poor one that has of necessity been put into use and has caused all our financial trouble. That will not be inflation.

Mr. MERRIAM. Do you mean by "poor currency" paper credit?

Mr. SANBORN. Yes; individual notes, bank-checks, and all that species of a representative of value; that is nothing but a bore to a business man.

Mr. PHELPS. You do not propose to do away with checks and bills of exchange, do you? It certainly is more convenient for a man in Chicago to pay a man in New York by means of a check.

Mr. SANBORN. I would rather he would send me a Government bond that the state is obliged to pay than his own.

Mr. PHELPS. You do not suppose that business-men all over the country will ever do it, do you?

Mr. SANBORN. I do. When there is a sufficient amount of currency for the business of the country they will do it.

Mr. PHELPS. Do you suppose in New York City, where the business is \$105,000,000 on the average daily, it will be settled by currency, if there were any amount of it, rather than by checks?

Mr. SANBORN. No. In a large commercial city like New York, where the business is concentrated, where perfect confidence is had as to the integrity and real value possessed, the bank-check or bill of exchange will pass as a representative of value.

Mr. PHELPS. Do you not suppose that the men of New York are as familiar with the business capacity, integrity, and honesty of business-men all through the nation as they are with each other?

Mr. SANBORN. No, sir. An increase of currency will not be inflation till it is equal to the demand for it in the exchange of productions from the producer to the consumer. If it be in excess, it will return to the Treasury for the bonds, and remain there for the use of the people for whom it was made.

Now, in regard to the remark as to the use of individual notes, I will give my practical experience. I have in my pocket three or four hundred dollars of checks given me by individuals, due since last October. I have always had them more or less. I never found them any advantage to me as a producer. It was always to the advantage of the individual who gave them, or to the bank, but not to myself.

Mr. PHELPS. These checks you assume are not good. Men have drawn them against money they have not in the bank.

Mr. SANBORN. I know they failed to be paid.

Mr. PHELPS. Would not the same thing occur in regard to the currency you speak of; would not there be counterfeit money as well as counterfeit checks?

Mr. SANBORN. We presume that the Government will provide against counterfeits.

The CHAIRMAN. You assume that the amount of products is eight billions as a starting point. You then proceed with a proposition that 75 per cent. of this passes from the producer to the consumer, making the actual business of the country to be six billions; you estimate that one-half that amount is needed in currency?

Mr. SANBORN. Yes.

The CHAIRMAN. How much of that would you have in the form of a circulating-medium, or would you have it all?

Mr. SANBORN. Whatever amount legislation does not furnish the people will furnish, and that will be of inferior quality. In 1863, 1864, 1865, in my business, which was small, amounting to about \$40,000 a year sales, I was not offered an individual note. All that I could make was called for and paid for in cash as soon as I could deliver it. It was so with all my neighbors about me—the lumber, paper, iron, and leather manufacturers. In 1866 there came to be offered some paper, a small amount; in 1867 still more; in 1868 yet more. Then I saw, by the restrictions placed upon our currency, that a panic was inevitable unless there was a change. I warned my neighbors and stopped myself and refused to sell. My business went down from \$56,000 to \$2,000, and I have stopped. It was all notes this last year. I was not offered, I think, but a solitary \$100. In 1871 I began to make inquiries as to the amount others were receiving in notes for their products, and I found that their experience was mine. This last season I have been engaged in that a considerable portion of my time. I have made it a point to find out how much they were receiving in notes in different branches of trade. I find in the leather manufacture, which is a cash article, that no more than 20 per cent. was paid in money; in iron manufacture no more than 20 per cent. was paid in money, the balance in notes. In the lumber-business not more than 10 per cent., and some men said there was nothing paid. In cotton manufacture no more than 20 per cent. was paid in money, the balance in notes.

The CHAIRMAN. How long would those notes run?

Mr. SANBORN. Three, six, and eight months, and sometimes twelve months. I asked the largest dealer in the leather-business that I was acquainted with if they were paid at maturity, at three or six months, and he said not more than one-half, the balance went by default; some, he said, were re-acknowledged for three months.

The CHAIRMAN. Is that true of all branches of industry?

Mr. SANBORN. Yes.

Mr. MERRIAM. Would not this increase of credits naturally arise from the confidence that men have in each other in doing business, no matter what amount of currency you have?

Mr. SANBORN. I can answer that by my experience in 1865. We had then as much confidence as we could have in each other, and there was no offer of anything but money, and there would not be now were the currency sufficient. Then the whole population would be employed. All would have plenty to eat and drink; good houses to live in, and all would go merry as a marriage-bell.

Mr. FARWELL. What were the comparative prices of the articles of your production in the years 1863, 1864, and 1869?

Mr. SANBORN. In my business my prices were higher. I was doing what we call a spe.

ciality. As a general thing there was not much difference in prices. Some things were down.

Mr. FARWELL. Is it not a fact that in 1864 prices were four or five times higher than now?

Mr. SANBORN. Some things, not everything, because there were some articles that were nowhere. There was no demand for them. The calling of so many men to the war took out a large amount of labor and made labor scarce, and the demand became, from the shortness of the amount produced, very great, and the prices went up. Money had nothing whatever to do with it. It was simply demand.

The CHAIRMAN. May not these facts prove something else than a deficiency in currency? May not the country at large have been spending too much, creating an adverse balance, living above its means?

Mr. SANBORN. Not at all so far as our country is concerned. If what we consume within the country is produced in the country, it can have no national effect whatever. It cannot produce any evil effects. Its effects are beneficial. If they are bought abroad and bought on credit, and have to be paid for, then it is different. But the balance of trade has been growing in our favor, showing that the industry of our people is operating with all force.

The CHAIRMAN. Suppose I build a very costly house; I employ my neighbors to do the work of various kinds. I apply to others for materials, and in that way create a large number of debts. I begin by paying money for everything; after a while that is exhausted, and I begin to give my checks, due-bills, notes, or whatever you call them, and as the house goes on I find it is necessary to ask an extension of these notes. There has nothing been expended but what is produced in the neighborhood; but has not the expenditure been in excess of the production by the use of credit in that way, and an indebtedness incurred which, when pay-day arrives, will wind up in a panic as you call it?

Mr. SANBORN. The way you state it would lead one to suppose such would be the fact. But as a national thing it has no effect. It has a local effect and operates severely on you; but if you had not been allowed to issue that class of notes, you could not have got your house built.

The CHAIRMAN. Has not something of this kind in the way of providing luxuries, &c., been going on in this country since the war, and now pay-day has come, hence the trouble?

Mr. SANBORN. From my observation and experience I can state that from the year 1862 to 1868 there were more real values added to the then values of the United States than in double the number of years at a prior date, and more than there has been since. I know that for the last two or three years men have been struggling to carry on their manufactories. If indebtedness has been incurred, it is not for articles of luxury, but for that which has entered into production and has been disposed of, and for which they hold in their hands these individual representatives of value, for which they should have Government representatives of value.

Mr. FARWELL. Your plan is to abolish the national banks?

Mr. SANBORN. O, no; but I should not depend on the national banks for all our currency. We should have the national-bank currency and the greenbacks operating together. If you depend on the national banks, they will lock up their currency, as you can see by the manner in which they are formed, to make money high and keep it away from the producer.

Mr. DURHAM. The West produces more than the East, yet the money settles down in the Middle and Eastern States. How do you account for that?

Mr. SANBORN. It is very plainly accounted for. Labor produces all value. There is no other process of obtaining value only through labor. Currency is the representative of it. Follow the natural process and you will find the reason for this fact, for it is a fact. Your land out West is parceled out, broken, and cultivated. That has to be paid for. That is value. It is the same as though there were so much gold buried in the ground on which you can only draw the interest. In other words, it is real estate.

Mr. DURHAM. The ground and buildings of the eastern manufacturer are so much gold too. But let them start equally, and in two years the eastern man will have doubled up, and he will have three-quarters of the money. Why is it that it floats off to the East?

Mr. SANBORN. I can give you an opinion. I live East, two hundred miles from New York. I have been selling to the West since 1853, furnishing them saw-mills to cut their timber. I build my mill and ship it to them. They pay me and pay for its transportation if they can in their products. Where is their market? They must send their lumber down East. They have to pay transportation both ways. Now that consumes their profits, and they clear less than the man at the East, who sells his products close at home where the population exists. Where the population is, there is the consumption. Hence the money piles up at the East.

Mr. DURHAM. Then the manufacture of the East has the advantage over the agriculture of the West. Do you account for that from the density of the population?

Mr. SANBORN. Entirely. But the whole capital of the East employed in manufactures for the last two years has not produced an interest of 2 per cent. Nor has the capital of the Middle States produced, with the exception of iron for a short time, 1 per cent., and many times it has lost 10, 15, and even 20 per cent. One thing more in regard to the flow of currency. When you western men buy in the Eastern States that which you do not pro-

duce yourself, you send your money to New York for that article. If it is not produced there, your money is sent to Europe, and that amount impoverishes the country. If it remains in the East, it increases the capital there. With plenty of currency, manufactures will spring up in the West where there is population to support them, in places like Saint Paul, Saint Louis, &c. It is the best thing in the world to have abundance; but if we buy by running in debt, we are extravagant. If we make our material at home, it helps the making of another article. I can manufacture my mills for 30 per cent. less than I could twenty years ago.

The CHAIRMAN. Then if you made your mills at the West the expense of making them would stay there?

Mr. SANBORN. Yes. I went West in order to do it in 1853, at Detroit, but I found labor was so high I could not.

Mr. MERRIAM. You say labor produces all the wealth?

Mr. SANBORN. Certainly.

Mr. MERRIAM. Would there be any value to what you produce if it were not consumed?

Mr. SANBORN. Certainly not; but if labor has not produced what it has consumed, it is a drone.

One thing more: There is no such thing as a standard of value. It does not exist. Take a bushel of wheat; at one time it is valued at \$2 in gold. The gold represents the wheat. The wheat is the value the gold represents. Well, to-day it is a fair exchange for me to take the wheat for the gold. A year rolls around. Two dollars in gold will not buy the wheat. I demand four dollars and I am going to get it, for you are growing hungry all the time. Where is your standard then? It is the same with every commodity that is an article of consumption by the people.

THE EQUALIZATION OF LEGAL-TENDERS AND BANK-NOTE CURRENCIES WITH THAT OF GOLD FOR ALL COMMERCIAL PURPOSES.

Argument of C. P. Culver, attorney, before the Committee on Banking and Currency, February 1, 1874.

Mr. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: It is not without a proper sense of appreciation of your courtesy for thus permitting me to appear before you to-day in advocacy of a financial scheme which we claim has peculiar merits, and which, I trust, I shall be able to present so clearly to your minds that you too will be impressed with the feasibility and importance of the plan.

You have doubtless had pressed upon your notice many and diversified plans for the regulation and equalization of the paper currency of the country with that of gold coin. The very fact that there exists such a diversity of opinion among the great financial minds of the country at this time is *prima-facie* evidence that there exists chronic disease within the financial system of the United States; and so deep-seated is that disease, and so diversified are its effects, that it has so far baffled the skill of the learned financial surgeons and physicians who have been and are now treating the patient. The fact is they have attempted to cure the patient by the use of *quack* remedies, instead of laying the knife at the root of the disease and at once exterminating it. The country must now look to you and to Congress to apply the remedy; and with the view of affording you the widest possible range of scientific remedies from which you are to select, I present, as the attorney for another, the following plan or plans.

It may be well, however, to state just here that there are three plans in the papers which I shall submit, but which compose, in my judgment, parts of a general plan for one indivisible whole.

I will merely add, before proceeding to present the plan or plans, (that you may carry the fact along in your minds as I proceed,) that they do not contemplate any grave or extended legislation by Congress, excepting a recommendation to the Secretary of the Treasury, in the form of a joint resolution, authorizing him to adopt and put into operation the plans as here proposed in case they were to be adopted.

I will here make an introductory statement, as indispensable to a correct understanding of the plan, of the pecuniary injury to the public and national credit from the mode adopted by the United States Treasury of selling gold coin. This is rendered necessary in order that you may see the force of the remedies I shall submit.

The people of the United States who own the gold coin in the United States Treasury have the first right that their pecuniary interests collectively should be *most* regarded and benefited by the mode selected by the Treasury of selling Treasury gold coin.

The Secretary's mode of selling Treasury gold has been and is to sell it by tender to gold-dealers and to the highest bidder. By that mode of selling Treasury gold, the people have hitherto received little or no benefit, and the gold-dealers and resident bondholders within the United States have received all the profit derivable from a forced scarcity of gold within the United States, and the combination of gold-capitalists to increase its price.

The Treasury mode of selling gold to the highest bidder is the great first cause of the depreciated value of the legal-tender currency, and has (as the result of such depreciation) created the funding of a large amount of the five-twenty-bond debt.

The law declares that the legal-tender currency shall be "good for everything except payment of interest on the public debt and for payment of customs-dues," and thus makes it the standard of value for all other purposes. It is therefore evident that when the Secretary of the Treasury sells the gold (the property of the people) at any higher rate of value than par with legal-tenders, or in exchange for any other paper currency than legal-tenders, he directly depreciates the value of the national currency, gives a fictitious value to gold for all necessary purposes within the United States, fosters gold-gambling throughout the United States, and depresses the gold value of all United States bonds in Europe to their present quotation.

The Treasury system of selling gold to gold-dealers and speculators is not a necessity, unless to make money for the Treasury at a less degree of profit than the people are injured pecuniarily by such sales by the excessive prices of imports when retailed. It does not enable the people as consumers or purchasers of imported goods, paying gold duties, to obtain them at a cheaper rate, but, on the contrary, perpetuates the war-prices of imported goods, continues the depreciated value of the national currency, and prevents that return to specie payment by the Treasury and the banks *which is practicable and alone necessary to benefit the people and raise the national credit, at home and abroad, to the highest standard of value.*

The ostensible reason for selling Treasury gold is to supply the merchants with coin to pay customs-dues or to keep down the price of gold, but neither of these objects is secured by the Treasury mode of selling to *gold-dealers* in large amounts, or selling to them to *any* extent; for it at once enables and facilitates the export of gold sold to them, and thus diverts the gold from the intended purpose of supplying merchants with coin for the payment of customs-dues, thereby also increasing its price and preventing the return of the gold sold to the national Treasury as customs-dues.

The system of selling Treasury gold to *gold-dealers* directly creates and supplies private gold-capitalists as rival hoarders of gold coin to the national Treasury, and enables them to create gold-gambling "corners," and by combination to oppress the importing merchants, and consequently the people as purchasers.

Hence the Treasury system of selling Treasury gold at a premium, or in exchange for *mixed* paper currency, produces the following injurious results:

1st. It induces and enables the New York banks, as the largest holders of unemployed currencies, to purchase, through gold-dealers, the Treasury gold when sold weekly, and, being able to overhold the gold bought, to keep up its selling-price, and to sell it and their private bank-specie with profit to themselves and to the pecuniary injury of the public.

2d. It is the sole cause and means of existence of the New York Gold Exchange Board and of the daily sales of gold therein, the fictitious amount of gold sold, and the equally fictitious value of gold at such sales.

3d. It renders all national banks the constant opponents of specie payment from the daily profits they derive from the gold they sell (through brokers) in the gold-markets, and from currency loans to brokers to enable them to buy gold, bonds, and stocks at fictitious values for speculating purposes.

4th. It has produced and still insures a daily diversion of the volume of the currency in New York City from commercial and industrial purposes to that of gold-gambling and bond and stock gambling sales to the amount at least of ten millions daily.

5th. It causes the constant high price of money to the mercantile public for all commercial and industrial purposes, and enables the banks or private capitalists to extort terms beyond legal interest for loans, and induces and enables the maritime city banks to lend profitably to stock and gold brokers preferentially to the mercantile community.

6th. It throws into the gold-market in every maritime city on the Atlantic seaboard for gambling purposes, and at a fictitious value in currency, (the supply of coin for customs-dues being at all times greater than the demand for it,) all the gold coin in private hands in those cities, and, by the profits derived from such gambling sales, creates and strengthens opposition of gold and currency capitalists to any idea or mode of resuming specie payment, no matter how practicable and necessary it may be for the interests of the working classes and the restoration of the national credit at home and abroad.

We come now to speak of the pecuniary loss and injury to the United States Treasury, to the national credit, and to the people of the United States from the system of selling Treasury gold at a premium in currency.

By selling Treasury gold in exchange for any other paper currency than legal-tenders, and at par value therewith, the Treasury directly and continuously depreciates the value of the legal-tenders and consequently the gold value in Europe of United States bonds. It also creates and sustains the New York gold-market and all the gold-gambling and stock-jobbing that constantly absorbs one-fourth of the volume, or \$191,419,750, of the paper currency of the United States, which, when added to the 12½ per cent. discount on the volume of the paper currency, makes \$237,129,625 of non-productive currency to the country.

By selling Treasury gold in exchange for the two paper currencies, the national-bank note is improperly made the equal in value with the legal-tender, (*i. e.*, when both are accepted

at par value for gold sold by the Treasury,) the legal-tender being in fact and by law made the standard of value in exchange either for Treasury gold sold or United States bonds bought in by the Treasury, and is by law made the superior in value to the national-bank note in that it is by law the equivalent of gold as a specie-payment fund for all the national banks *to protect them from specie payment on demand and bankruptcy.*

By selling Treasury gold at any premium, in either or both currencies, it completely disables the Treasury from rendering the immense surplus of coin in the Treasury constantly productive of any pecuniary benefit to the people, or available to increase the national credit in Europe, or to promote specie payment to any extent, either by the Treasury or by the national banks, the latter being impossible so long as the Treasury sells gold coin at a higher value than par in exchange for legal-tenders. It prevents the Secretary of the Treasury from ascertaining the limit to which contraction of the volume of the legal-tender currency might take place without embarrassing trade, commerce, or local improvements, and it does so by the use and diversion of more than one-fourth of the volume of the currency in New York to gold and stock-jobbing sales for speculative purposes only.

By the Treasury system of selling gold to gold-capitalists, and at a premium, and for any other currency than legal-tenders, the Treasury is obliged to pay out annually and unnecessarily at least \$60,000,000 in gold coin for interest on the bond debt owned and held by residents within the United States, when, if by Treasury management and action, United States Treasury gold coin and United States currency were made of equal value, the gold-market throughout the United States would be shut up, unless for export purposes, and the legal-tender currency would then be preferred as payment for the interest on bonds held within the United States.

By reason of the mode of selling Treasury gold, United States bonds have been bought in by the Treasury since March, 1869, to the extent of \$383,500,000, and have cost the Treasury about \$57,500,000 in currency more than the face amount of the bonds, while during the same time (a period of nearly five years) \$2,400,000,000 worth of imported duty-paying goods have cost the people of the United States (as purchasers and consumers of imports) \$385,000,000 more in currency expenditure than they should have paid if gold coin and currency had been equalized in value by the management and action of the United States Treasury.

For want of such equalization of value by Treasury action, the importing merchants of the United States require to use from 10 to 20 per cent. of their business capital to pay for gold coin (to dealers) to enable them to pay customs-dues.

Hence there is annual currency expenditure or loss by importers of \$38,000,000; that is, 20 per cent. on \$190,000,000 of customs-duties paid in gold coin annually, approximately.

The diversion of \$28,000,000 of mercantile capital from commercial and importing purposes involves an annual loss to the United States Treasury of \$20,000,000 in coin as customs-duties on one-tenth of the gross value of imports annually estimated approximately at \$400,000,000. And yet the imports for the past fiscal year were over \$642,000,000.

RULES FOR THE GOVERNMENT OF THE SECRETARY OF THE TREASURY IN THE ADOPTION OF THE PLANS.

In order to equalize the value between gold coin and the legal-tender currency, and to establish permanently specie payment of that currency for commercial purposes of the United States, the following rule of action by the Secretary of the Treasury is necessary:

1st. That the Secretary of the United States Treasury should at all times be the arbiter of the value in paper currency of Treasury gold coin, when sold or intended for sale by the Treasury, and not any outside gold-gambling market.

2d. That the Secretary should therefore determine, fix, and advertise, before its sale, the lowest selling-price of the Treasury gold coin intended to be sold by him, and nothing higher should be accepted.

3d. That the Treasury should not sell gold coin to banks, gold-dealers, or brokers at any price, excepting under restrictions, because such sales enable the gold sold to be exported or hoarded by capitalists to rival the Treasury as the largest gold-holder, or to increase its selling-price to importers, to their oppression pecuniarily, and of course to that of the public as purchasers of imported goods.

4th. That the Secretary should not sell Treasury gold by tender or to the highest bidder or to any bidder for it, because he thereby is accessory to the depreciation of the legal-tender currency and of the national credit.

5th. That the Secretary should sell Treasury gold coin only to the importing merchants in New York City, and to the amount required by them respectively for payment of customs-dues, and for that purpose only, and daily, by any of the three plans hereto annexed.

6th. That he should establish and advertise such daily gold-sales to importers only, and at first in exchange for legal-tender currency, and at a certain price in that currency, determined on by him, and advertised as the selling-price of Treasury gold coin to importers only, during each week.

7th. That he should gradually reduce the selling-price (in exchange for legal-tenders) of

Treasury gold coin each week, (by a fall of from 3 to 6 per cent. each week, as he elects,) until he determines on and advertises par in legal-tenders as the selling-price of Treasury gold coin to importers only.

8th. That the Secretary should receive mixed currency from importers, in exchange for the Treasury gold sold to them, (by any of the three plans hereto annexed,) when the value of the legal-tender currency has appreciated to par by the demands created for it daily from the banks in New York by the importers.

9th. That the Secretary should pay for bonds purchased for the Treasury in legal-tenders, and as par value only in that currency, and that its amount daily received should be returned into circulation as the purchase-money of bonds for the Treasury, weekly, biweekly, or monthly, as determined on by him.

10th. That the Secretary can and should affect the daily gold-sales to importers only, in New York, (or in any other city in which he introduces the plan,) by using or adopting either of the three plans annexed hereto.

11th. That the Secretary should endeavor to prevent the export of gold coin by importers for payments in Europe, by reselling to them weekly, at a certain price advertised previously, a certain amount of the 5-20 bonds (or 3-65, if issued,) purchased for the Treasury account, and in exchange for legal-tenders only at par value, thereby lowering the rate of exchange on England to importers, and promoting the increased coin-value of United States bonds on the London stock exchange, as the result of such specie payment, permanently secured by the United States Treasury.

These bond-sales by the Treasury to importers, (weekly, biweekly, or monthly, as determined on as necessary for importers' interests,) it will be observed, would, by the demands for legal-tenders to obtain them, tend to doubly or rapidly appreciate their value to par, and enable the Secretary to determine, within the United States, the value of the national currency and of the national bond-debt, according to the plenitude of money available for investments, and the rate of interest required for its use in the New York money-market.

If the Secretary has not power to resell bonds purchased for the Treasury, it could be obtained from Congress.

Specie payment by the United States Treasury of the legal-tender currency, for the purpose of supplying importers only with gold coin for payment of custom-dues, has been for years past and is now alone necessary, either to terminate the trade in gold coin within the United States or to promote and increase the national prosperity and credit, until the balance of trade is turned against Europe. And the three annexed plans for specie payment by the United States Treasury, in all the maritime cities on the Atlantic seaboard, for that purpose, are submitted as the most practicable and desirable, and indeed the only modes of resuming specie payment within the United States.

To secure and maintain such specie payment requires only the temporary use and application of \$12,000,000 of Treasury gold coin monthly, which, when made to rotate from the Treasury to the banks and importers, and from them back to the Treasury again, is always tangible by the Treasury, its export is prevented, and its application by the plans proposed appreciates at once the legal-tender currency to par value with gold, (by the demand created for it,) and raises immediately United States bonds in Europe to par with gold.

This mode of specie payment by the Treasury, and of equalizing the value of the legal-tender currency with that of gold coin, can be effected without legislation, as I stated in the outset, by the Treasury adoption of either of the three plans relating to the legal-tender currency, annexed hereto, and numbered 1 to 3.

We come now to the author's *Specie-Payment Plan No. 1*, to make the surplus gold in the United States Treasury constantly interest-bearing to the public and the Treasury, while tangible by the latter at all times, this plan being equivalent to specie payment of the legal-tender currency for commercial purposes, without being specie payment on demand generally.

As the selling-price of gold coin in New York City determines its price in every other city of the United States, and as the amount of gold coin to be sold during the month by the United States Treasury has been announced by order of the Secretary of the Treasury, let the Secretary order the United States subtreasury in New York to sell only to the importers therein, of duty-paying goods, the amount of the Treasury gold coin advertised or desired to be sold, and to sell it in such amounts only as are set forth and specified in the permit and customs-receipt for such duties, as payable therefor, and at par value with and in exchange for legal-tender currency, or at such other rate of value therein as the Secretary shall determine shall be the daily rate of value during each week, or at par value in both paper currencies in equal amounts thereof, or at a gradually and daily or weekly descending rate of value, (from the first selling-price of Treasury gold coin to importers, as fixed by the Secretary's order,) until par value in legal-tenders or in mixed currency is declared by the Secretary of the Treasury as the rate of value for Treasury gold coin when sold by the Treasury to importers only.

Let the permit and receipt for such duty as the importer desires to pay be officially filled up, excepting the signature to the receipt, and be produced by the applicant for the gold coin required to the cashier of the subtreasury of the United States at New York.

Let such Treasury gold-sales to importers only in New York City and the rate of exchange therefor in legal-tenders only or in mixed paper currency be advertised one week in

advance of such sales, and then let such sales take place daily, biweekly, triweekly, on consecutive days or on alternate or specified days, as the Secretary of the United States Treasury may select and determine on.

The following form of notice to importers would probably answer the purpose :

"Notice is hereby given to importers of foreign goods subject to payment of gold duties in the city of New York that on and after the — day of — instant, and until further notice, the United States subtreasury (or assistant treasurer) at New York will sell daily, to such importers only, gold coin in exchange for legal-tender currency only, at the rate of — in legal-tenders for each one hundred dollars in gold coin, and to such amount only as shall be set forth officially in the usual customs-permit and receipt for the amount of duties in such permit specified, such permit and receipt to be produced by the importer at the cashier's department of the United States treasury in New York."

I will next give you the author's *Specie-Payment Plan No. 2*. This is an alternative plan of specie-payment by the United States Treasury for commercial purposes, without the actual disbursement of coin.

Let the Secretary of the Treasury order the subtreasurer of the United States in each maritime city in which customs-dues are receivable (beginning in New York) to sell to the importers only in such city, gold coin for the payment only of customs-dues, in such amounts as shall be specified in the customs-permit and receipt produced by the applicant for the gold coin.

Let the subtreasurer, for the purpose of such sale, issue to the importer a Treasury gold-check for the amount of gold required for payment of the duties stated in the permit, such check to be made payable only to the collector of customs in the city in which the check issues, and to be indorsed on its face as "not transferable."

Let the check issue on receipt of legal-tender currency at par value with gold, or at such other rate of value as the Secretary of the Treasury shall determine on and direct, or in exchange for mixed paper currency at such rate of value as the Secretary shall order as the selling-price of Treasury gold to importers.

Let such Treasury gold-sales be equal in amount to the average amount of customs-dues received weekly in New York, and be made daily; and the currency rate of value for Treasury gold or "not transferable" Treasury gold-checks or certificates for the ensuing week be advertised by the subtreasury for public information weekly in advance of their issue.

Should par value for legal-tenders not be the rate fixed by the Treasury during the first sales, then at such rate of exchange daily or weekly as the Secretary shall determine shall be the rate, until he gradually fixes par value in legal-tenders as the future rate of exchange for Treasury gold when required for payment of customs-dues by importers to importers only for that purpose.

Let the Secretary of the Treasury, after the demand for legal-tender currency for importers' purposes has, from its scarcity, appreciated its value to par or above par, or induced capitalists to hoard it, then order the subtreasury at New York to receive legal-tenders and the currency of national banks in the maritime cities on the Atlantic sea-board in equal amounts, and at par value in exchange for gold coin or for non-transferable Treasury gold-checks or certificates when sold to importers for customs-dues purposes.

This arrangement will prevent "corners" on legal-tenders, and the issue of the non-transferable Treasury gold-check or certificate (made payable only to the order of the collector of customs) secures the retention of the gold in the Treasury, and saves the latter the labor of disbursing coin to the importers.

In order to reduce the market-price of gold in the United States to par with currency of both kinds, it is only necessary that the Secretary of the Treasury order these gold-sales *daily* to importers to be *made only in New York*, as the quotation of gold there governs its value in every other city on the Atlantic sea-board; and those Treasury sales being made daily in New York to importers only, the gold-market, unless for export, will cease, and with it gold-gambling and also stock-gambling to a great extent.

Another result from confining the Treasury gold-sales daily to *importers* in the city of New York will be that the gold in private hands in the other maritime cities will be obtained by importers therein, for customs-duty purposes, at its New York value, as established by Treasury sales; and the United States subtreasuries in those cities will obtain from the importers therein about one million and a half of gold coin weekly for customs-dues received in those cities, while at the same time the gold sold in New York by the Treasury to importers only, returns to the Treasury as rapidly as it is sold; so that the amount of gold in the Treasury, while made productive of the greatest benefit to the people by the reduced selling-price of imports, remains undiminished, its past and present fictitious selling-price for all commercial purposes is at once made apparent by the cessation of gold-gambling sales, and the Treasury power to control its value to par with paper-currency at all times hereafter incontestably established.

The inquiry is made as to how the Treasury is to be supplied with coin to meet the drain on the Treasury, if the customs-dues are not paid in gold.

My answer is, by the annual supply from our mines through the mints. This supply is upward of \$66,200,000 annually. As the excess of exports of specie over that of the imports during the last fiscal year was little rising of \$63,000,000, the coinage of these precious

metals would more than supply the requirements of the Treasury for the deficiency of the exports; besides, if the paper-currency of the country is brought to a par with gold, there will no longer exist any necessity of capitalists hoarding it for speculative purposes; and hence it will flow out as a circulating medium, and will find its way into the United States Treasury, through the channels of the banks and the collection of internal-revenue taxes, to the extent required.

The Secretary of the Treasury will find no difficulty in obtaining his needed supply of specie whenever the legal-tender or mixed paper currencies are brought to a par value with gold.

By the plans suggested there need be no gold pass out of the Treasury to importers in payment of customs-dues, these being settled by Treasury or bank gold-checks or certificates made payable alone to the Assistant Treasurer in the cities where used for payment of import-duties only.

WHY THE UNITED STATES TREASURY GOLD-CHECK AND NATIONAL BANK GOLD-CHECK OR GOLD-CERTIFICATE SHOULD BE REGARDED AND RECEIVED AS THE EQUIVALENT OF GOLD COIN.

The law declares that customs-dues are payable in gold coin, and that the legal-tender currency is good for every purpose but payment of customs-dues and interest on the public bond-debt; and the collectors of customs in the United States receive United States Treasury gold-certificates and United States gold-notes, as the equivalent of gold coin, and at par value therewith, in payment of customs-dues, because they are payable in gold coin on demand at the United States Treasury.

It is therefore clear that the Secretary of the Treasury has the power and discretion to receive in payment of customs-dues gold-coin securities payable on demand, and which he knows are equivalent and convertible thereto at any moment, and that no valid objection can be urged against the receipt of the Treasury and national-bank gold-checks issued on the security of the gold coin in the Treasury or on that sold by the Treasury to the bank and retained by the latter to pay its gold-checks on demand.

I come now to the author's third and last plan for specie-payment: To secure specie-payment permanently of the legal-tender currency for commercial purposes, without inconveniencing the United States subtreasury in New York or in any other city, by Treasury gold-sales therein; also, to secure to the United States Treasury the return of all gold coin sold thereby or therefrom; and to equalize the value between the legal-tender currency and gold coin within the United States, for internal purposes, without legislation, as I stated at the outset.

Let the Secretary of the Treasury by agreement sell to one or more national banks in each maritime city on the Atlantic sea-board in which customs-dues are payable, (beginning at New York as primarily necessary,) Treasury gold coin equal to the average amount of customs-dues in gold received weekly or monthly in such city, on the express understanding with each bank that the gold coin sold to each is to be retained and resold by each bank to importers only in such city, for payment of customs-dues only in such city, in the manner and at the rate of value in currency prescribed by the Secretary of the Treasury, as hereinafter suggested.

The amount of such gold-sales to the banks in each maritime city would be as follows, (approximately:)

	Weekly.	Monthly.
In New York City.....	\$3,000,000	\$12,000,000
In Boston City.....	500,000	2,000,000
In Baltimore City.....	130,000	520,000
In Philadelphia City.....	140,000	640,000
In New Orleans City.....	140,000	560,000
Total	3,930,000	15,720,000

Let the Secretary of the Treasury arrange with each bank to which he sells the gold coin the rate of value therefor in currency, and direct each bank to open an account with the United States Treasury for the gold sold to each, and therein to credit the United States Treasury with the amount of its currency proceeds at the rate of value in currency agreed on between them.

Let the Secretary then direct each of such banks (if more than one be selected in New York for the purpose) to sell gold coin daily, to importers only, in New York, (or in whatever city such gold-sales are ordered,) for the payment only of customs-dues, and to the amount only stated in the customs-permit and receipt, and in exchange for legal-tenders only, or for mixed paper currency, at such rate of value as the Secretary of the Treasury shall have sold the gold coin to each bank, or shall direct the banks to charge for the gold coin when required by importers for the payment only of customs-dues daily.

Let the Secretary also direct the bank selected for the sale of Treasury gold (in order to secure the return to the United States Treasury of the gold coin sold by the bank to importers) to issue daily to them, in place of gold coin, bank gold-checks, or bank gold-certificates, made payable only to the United States subtreasury in the city in which the bank gold-check or certificate shall issue, and duly stamped by the bank, across the face of the check or certificate, "not transferable."

Let the Secretary direct each of such banks to advertise in advance of such sales the daily issue to importers only of such bank gold, bank gold-checks, or bank gold-certificates, (as the Secretary of the Treasury may direct and prefer in his arrangement with each bank,) for the payment only of customs-dues in exchange for legal-tender currency or for mixed paper currency, at such rate of value in currency as the Secretary of the Treasury shall direct the bank to charge therefor, daily or weekly, at a gradually descending rate of value, until the Secretary (and the bank responding to his directions) shall fix the rate of value for gold coin to importers for payment of customs-dues at par value in legal-tender currency only.

Let the Secretary of the Treasury direct each bank selected to sell Treasury gold to require the importer as applicant therefor to produce to the bank the customs-permit or receipt in which the amount of gold coin required for customs-dues is set forth, and to issue the bank gold-check or bank gold-certificate for the amount only specified in such permit or receipt, and to affix such check firmly to such permit or customs-receipt, and to stamp it with the bank-stamp before its delivery to the applicant for the gold coin, check, or certificate.

Let the Secretary of the Treasury authorize and direct the collector of customs-dues in gold, in each city in which the bank gold-check or bank gold-certificate shall have issued, to receive it in payment of customs-dues, as gold coin or its equivalent, in like manner as Treasury gold-certificates or gold-notes are received, but only on the day of the date thereof.

Let each bank selected in New York by the Secretary to sell Treasury gold to importers report daily to the United States subtreasury at New York the amount, in gold coin, for which such bank has issued bank gold-checks or bank gold-certificates, so as to ascertain and check their responsibility as bank agents to the United States Treasury for the gold coin sold to them, and for which bank gold-checks have issued.

Let the Secretary of the Treasury fix the price or rate of value, in legal-tender or mixed currency, at which the bank in each city selected to sell gold to importers shall sell gold, bank gold-checks, or bank gold-certificates, for the payment of customs-dues only, and let each bank selected advertise the rate of value weekly in advance, and thus enable importers to do business with a certainty of profits from their foreknowledge of the certain price of gold for each ensuing week.

Let the Secretary of the Treasury order the United States subtreasury in each city in which such bank gold-sales to importers for customs-duty purposes shall take place (by means of bank gold-checks or gold-certificates) to draw from each bank gold coin in payment for such checks or certificates, at par value therewith, or gold coin and legal-tender and mixed currency, in payment of such checks, from time to time, as required for Treasury purposes and directed by the Secretary of the Treasury. *

RESULTS OF PLANS.

It will be seen that by either of these three plans a gold-coin sale of \$3,000,000 weekly, or \$12,000,000 monthly, made by the United States Treasury to one or more national banks in New York City, and disbursed by these banks to importers only, for custom-duty purposes, either in coin or by means of bank gold-checks or gold-certificates, or that a daily sale by the United States subtreasury in New York of gold coin or of "non-transferable" Treasury gold-checks or certificates, to importers only, and to the same amount weekly, in exchange for and at par value with legal-tenders, would immediately appreciate that currency to par with gold, for all internal commercial purposes, and to that extent would be specie payment of the legal-tender, which could be constantly maintained, and would close the gold-market, unless for export purposes.

THE POWERS AND ADVANTAGES CONFERRED ON THE BANKS WHEN EMPLOYED BY THE TREASURY TO SELL GOLD.

By the eighth section of the national-bank act the banks are empowered "to discount and negotiate all securities for money and evidences of debt," "to receive deposits and buy and sell coin," and "to obtain, issue, and circulate notes."

By the forty-seventh section, they "shall be, when designated by the Secretary of the

* The banks selected in each maritime city to sell gold coin (sold to them by the Treasury) to importers only, for customs-duties, hold the amount of gold coin purchased from the Treasury subject to the payment thereout of their respective bank gold-checks or certificates, on demand by the United States Treasury. And the amount of currency they receive from the importers as payment for bank gold-checks enables them to honor the Government drafts on the banks for the amount of currency required at any time by the United States Treasury for its purposes, until the amount of gold coin sold by the Treasury to each bank is fully paid for by the bank.

Treasury, depositaries of public money and duties, except for receipts from customs; "may be employed and shall perform all duties as financial agents required of them by the Secretary;" "shall deposit with the Secretary bonds for all public moneys deposited with them, and for their duties as agents of the United States Treasury."

THE PECUNIARY ADVANTAGES TO THE BANKS EMPLOYED BY THE PLANS.

The bank to whom the gold coin is sold by the Treasury, or to whom the Treasury gold-checks or certificates are delivered as coin, has a specie-reserve security to the amount sold or received for its monthly statement, as by law required, until the gold-certificates and checks are withdrawn.

It is enabled to disburse more of its legal-tenders, to increase its issue of circulation and its commercial discounts, and refrain from borrowing currency from country national banks for any banking purpose, thus leaving the money of the country banks at home for home use.

It is enabled to obtain from the United States Treasury, after the par-value of United States bonds with gold in Europe has been realized, the release of at least 10 per cent. of the amount of such bank's United States bonds deposited therein as security for its circulation and deposits.

It enables all such banks to use their own gold coin in payment of their own bank-notes, when presented by their depositors, who are also importers, and who may require gold coin for payment of customs-dues, or to use their own gold coin in the payment of their bank gold-checks and certificates when presented by the Treasury, and, meantime, to retain as reserve in specie the non-transferable Treasury gold-check or certificate to an equal amount as they may have paid out their own gold coin.

RESULTS OF THE PLAN, IF ADOPTED, OR WHEN MODIFIED TO THE SECRETARY'S SATISFACTION.

It will be seen that one sale of gold coin, either in specie or in Treasury gold-checks or gold certificates, (made not transferable,) by the Secretary of the Treasury, weekly or monthly, to one or more banks in New York City, is all that is necessary in future to keep down the price of gold in the market to that charged by the banks, (by the Secretary's direction,) weekly or daily, on a gradually descending scale daily, until par in legal-tenders or in mixed currency is the bank-selling rate to importers, such rate being specie payment of the national currency for all necessary commercial purposes.

It is also apparent that the Secretary, selling the coin to the banks first, obtains from them, as he requires it for the purchase of bonds, all the currency necessary, at his own rate of value, for the gold coin sold to them; that the customs-dues are paid by the importers in coin when the bank or the United States Treasury sells coin or Treasury gold-checks or certificates or bank gold-checks or certificates to the importers only for such purposes, with a certainty of the return of such Treasury coin, checks, or certificates to the United States Treasury.

It is also apparent that banks selling the gold coin or gold checks are constantly supplied with legal-tenders or mixed currency (including gold in exchange for goods at gold prices) by the importers, and can supply the United States Treasury with either, to any amount required, and that the banks selected to sell gold for importers' duties will be amply repaid by the large and constant supply of currency of both kinds daily receivable by them and within their control, for banking purposes, during each month, or until it is required or withdrawn by the United States Treasury.

It will be apparent that this mode of selling Treasury gold is the only one by which its value and that of the legal-tender currency can be equalized, or rather the latter appreciated to the value of the former, for all commercial purposes, and to advance to par the national credit at home and abroad, without infringing the law which requires "customs-dues to be paid in gold coin" or its equivalent in the Treasury or bank gold-check or certificate.

When this plan or either of those preceding it is adopted by the Secretary, it will be manifest to the public that the selling-price of gold is wholly fictitious, and not induced by its scarcity, (the only thing that should justify its enormous price;) that its high price is the result of a combination to depress the value of the Government currency by the national banks, while they are exempted from specie payment.

And, lastly, that a coin surplus in the United States Treasury of even \$12,000,000, if kept rotating from the United States to the banks selected in each maritime city for its sale, and from those banks to the importers therein by any of the plans herein suggested, and from the importers back again to the Treasury daily, could in 1862, (when gold rose above par,) and can at all times in future, keep down within the United States and equalize the price and value of gold coin with that of the legal-tender, (which latter is the standard of value by law,) and totally prevent the traffic in gold coin for gambling purposes, the pursuit of which, as the illegitimate means of enriching city national banks, has depreciated and will depreciate the national credit at home and abroad until controlled by the Secretary.

In conclusion, then, permit me to give you a brief synopsis of the practical results of the plan as in part adopted by the Secretary of the Treasury as early as 1869.

On the 14th of September, 1869, the author of the foregoing plan or plans submitted them in writing to the Secretary of the Treasury, and on the 24th of that month the Secretary, in pursuance of these plans and suggestions, gave public notice through the New York papers that, to control the price of gold to importers for import-duties, and to deal some heavy blows at the "gold-rings" and "corner" in New York who were running gold up to fabulous prices in exchange for currency, he authorized the assistant treasurer at New York to sell, on the 25th of September, instant, \$4,000,000 of gold at \$1.32, and to purchase the same amount in bonds for the Treasury in exchange for legal-tender currency.

Gold was selling on the 23d at \$1.50, and the news of the Secretary's intention to sell so large an amount of gold at 18 cents below the then ruling price, produced an unparalleled shock in the "gold-ring" and "corners" of New York, eventuating, on the following day, in that long-to-be-remembered day known as Black Friday.

But previous to this date, say about the 20th, the Secretary indicated to his friends his possession of a treasury scheme that would startle the country, and which he intended to introduce in a few days, and by which he would be able to control the gold-market, and thereby put a check to the Wall-street gambling operation in gold. No sooner was this startling news received at New York than the wires flashed back to the Secretary of the Treasury the defiance of Wall street, assuring the Secretary that they had \$80,000,000 of gold with which to "scotch" his little treasury game should be attempt to play it.

The Secretary of the Treasury, it will be borne in mind, received the author's plans on the 14th of September, 1869, and, armed with these keen weapons, bid defiance to the "grand army of Wall-street gamblers," and, as I have said, on the 24th announced his fixed intention to sell gold at a fixed valuation in exchange for legal-tenders, thus diminishing the cost—net value—of gold to the importer.

On the 27th of September, 1869, gold ruled on the gold-boards of New York from \$1.32 to \$1.34, and on the same day the Secretary purchased of bonds \$3,000,000 at \$1.16, \$1.17, or \$1.18.

During the month of October of that year the Secretary of the Treasury sold \$13,000,000 of Treasury gold coin, ranging from 135 down to 128. During the same period the Secretary purchased, of gold interest-bearing bonds, about \$12,000,000, ranging from 118 to 122 for legal-tenders. During November Treasury gold ranged from 122 to 126, and the purchase of bonds at from 112 to 113. In December the Secretary sold Treasury gold at 120, and purchased bonds at 112. During January and February, 1870, Treasury gold remained at 120, but during the month of March it went down to 111. During April and May it rose to 114, but in the month of June it fell back to 111, and from that date, in 1870, to the present time, gold has been fluctuating between 110 and 116.

Had the author's plans been carried out to their fullest extent, as recommended at the time, and during their use by the Secretary of the Treasury, the equalization of the paper currency of the Government with that of gold for all commercial purposes could long since have been effected, and to-day we would have had commercial peace and prosperity throughout the country. It was then the Secretary of the Treasury, Mr. Boutwell, lost the golden opportunity of consummating one of the grandest strokes of financial policy that has fallen to the lot of any Secretary of the United States Treasury to achieve since its organization. But it is not yet too late to consummate this much-desired object, which I believe can be by the adoption of the plans I have here presented you.

During the period from September, 1869, to December, 1873, the Secretary of the Treasury, through the partial adoption of the author's plans, was enabled to retire about \$350,000,000 of the United States bonded debt and at a saving of upwards of \$25,000,000 in currency to the Government, and about \$95,000,000 to the importer of foreign imports, and to the public, or consumers of these imports, not less than \$100,000,000 in currency.

Now, gentlemen of the committee, if so much was accomplished by the partial adoption of these plans (though not then perfected) by the Secretary of the Treasury, what may not be accomplished by the adoption of it as a whole, with perhaps a few minor modifications which the wisdom of this committee can suggest?

With this presentation of the subject, and with the hope, too, that I have been able to make myself clearly understood, and thanking you, gentlemen, for the very patient hearing you have given me, I close with again expressing the hope that you will give the subject your earnest consideration; and if found, in your judgments, worthy of further consideration and approval, that you will lose no time in presenting it to Congress and the country, that that prosperity spoken of by the President in his late message to Congress, and which he so much desires, may be speedily reached, and peace and commercial prosperity again pervade our land.

WASHINGTON, D. C., February 9, 1874.

At the invitation of the committee, JAMES BUELL, president of the Importers and Traders National Bank, New York, appeared before the committee and made the following statement:

The CHAIRMAN. We have inquired of quite a number of gentlemen to know their opinion

of our present monetary system—its defects, and their remedies. We will be glad to have you give your opinion on the same general question in your own way.

Mr. BUELL. I have examined the bill of the committee—House bill 1746. The question of free banking, as introduced there, would seem to me to be very desirable, provided we could at the same time reduce the volume of the redeeming medium, (that is, legal tender,) which is now larger than the volume of bank-note currency to be redeemed, so that there is not a surplus of national-bank notes pressing long enough to cause the adoption of a system of assorting and redemption.

The CHAIRMAN. Is that the trouble—that the difference in the functional power of the two currencies is so slight that no one wishes to redeem? What would be the effect if we should limit the uses of the Government to legal-tender notes?

Mr. BUELL. The effect would be to raise the value of legal tenders if that limit to which you refer has reference to volume, and it was not too large.

The CHAIRMAN. Would that give redemption?

Mr. BUELL. Yes. It would seem to me much better that the banks should manage redemption for themselves rather than impose that duty on the Government. I would suggest free banking with this definition, (there are various definitions,) that it should be absolutely free, and banks allowed to be organized under the approval of the Comptroller of the Currency, where there is a population of six thousand and a capital of \$50,000, as provided for in the present banking law; provided also that they redeem their notes at their own counters and at the centers at par; and as the national-bank currency is increased, the volume of legal-tenders should be decreased till such volume is reduced to three hundred millions, and there stop for the present. This process would keep the volume of currency where it now is; the only difference being that there would be more of one kind and less of another, and thus making one more valuable than the other, which would in time bring about redemption. It would probably take four or five years by this system to absorb \$100,000,000 legal-tenders. By this process legal-tender notes will ultimately become a little more valuable than national-bank notes, and banks will then assort and present national notes for redemption, because it will be for their interest to do so.

Mr. MERRIAM. You have been banking on a basis of \$356,000,000 legal-tender notes, which has been about the same as gold. You pay your debts with it, and that is all you want; yet your banks have suspended. How then do you expect to succeed on less?

Mr. BUELL. I am not aware that I have proposed to reduce the volume of currency; I propose only to change its character, taking in legal-tenders down to \$300,000,000 as fast as national-bank notes are issued. With the volume of legal-tender circulation down to \$300,000,000, specie resumption by the Government would be easily possible, and bank-notes could then be safely issued to any extent to which the issuers were prepared to secure and redeem. Government usually has on hand from \$50,000,000 to \$75,000,000 coin, which can easily be increased to \$150,000,000 before the national-bank system will have expanded \$100,000,000, so as to have absorbed the greenbacks to that extent. Specie resumption by the Government will at once throw all the coin in the country into circulation, which will add that much more to the volume of currency and will be an expansion of our currency to that extent. If a raft were floating down the Hudson River, and parties were desirous to control it, they would not, if wise, attempt to do so by placing obstructions in front, as its momentum would probably bear down all opposition. But by getting on it and rigging a rudder, and by utilizing the natural forces of the stream, they might, with skill, pilot it as desired. The obstructionist puts himself in front. Mr. McCullough contracted \$44,000,000, and was then pushed out of the way. The commerce of the country has adapted itself to the present volume of currency as well as it can. Why violently disturb that volume? Rather let us infuse into it a new element, a controlling power—that of elasticity—by redemption and ultimate convertibility into coin.

Mr. MERRIAM. You assume the condition of things to be the same as at present?

Mr. BUELL. I do; the process I suggest will be using natural causes to bring about a normal condition of things. As soon as national-bank notes now become redundant we feel obliged to decline receiving them on deposit, as they are not by law allowed to be counted as reserve, nor can we use them in paying our debts to the clearing-house. We then seek to find or make an outlet for our surplus national-bank notes in Chicago, Cincinnati, or elsewhere. They are distributed there, and finally come back to New York as the great center again for another swing around the circle.

The CHAIRMAN. Then they are forced back into the country again by extraordinary means?

Mr. BUELL. Yes.

The CHAIRMAN. There is then a tendency to a congestion of currency at New York. Please tell us whether the plan of requiring the country banks to redeem at these money centers does not aggravate that state of things by requiring them to keep their reserve largely in the centers.

Mr. BUELL. Naturally it does; but practical redemption of national-bank notes will remedy this in a great measure by absorbing their reserves.

The CHAIRMAN. Is it desirable to make it current at the center?

Mr. BUELL. It is very desirable. People are not aware of the important function that the national-banking system performs in equalizing exchanges between distant places.

The CHAIRMAN. Suppose in New York the notes of the banks in Tennessee, for instance, ruled at one-quarter per cent. below the legal-tenders, would not that very fact of itself have a tendency to drive them back where they came from?

Mr. BUELL. It would. The difference in value of one-quarter per cent. between them and the legal-tenders would cause them to be redeemed at once and returned to the issuer. If you get the national notes one-quarter per cent. below par, they will be redeemed fast enough when not wanted by commerce.

The CHAIRMAN. The great trouble that some people allege is that in the interior of the country the money is drained off, and they cannot get it by any kind of security, because it does not exist.

Mr. BUELL. The way to obviate that scarcity of currency is redemption, which causes it to be sent home to the issuer.

The CHAIRMAN. Should the issuer be obliged to redeem his notes at his own counter?

Mr. BUELL. He should, and also at the centers, to which they will float. If he is not obliged to do so, national currency will lose its national character, and will be at a very large discount. One and a quarter per cent. will not measure it; distance and difficulty of presentation only will do it then.

The CHAIRMAN. Suppose he redeems it in New York; will his broker send his notes home to him, or will be put them upon the market?

Mr. BUELL. He will make the best disposition of them he can for his own interest.

The CHAIRMAN. Is there any assurance that they will find their way back?

Mr. BUELL. Certainly; if commerce does not want them, they will be sent home; at least such was our experience of the workings of the system in our own State, where we had substantially the same system as the present national system with redemption would be.

Mr. DURHAM. Have we circulation enough in the country?

Mr. BUELL. Sometimes we have, and sometimes we have not. It is impossible to tell how much we want. *We did not appear to have quite enough in the late panic to go round.*

Mr. DURHAM. Would you recommend an increase of circulation?

Mr. BUELL. No, sir; nor a decrease of it.

Mr. DURHAM. Then, in your judgment, as a general thing, we have enough?

Mr. BUELL. As a general thing, we have. It should be left to the commerce of the country to dictate by redemption how much or how little it should be; that will regulate it like the governor to a steam-engine.

Mr. DURHAM. What would you recommend Congress to do?

Mr. BUELL. To allow free banking, with the limitation that I have suggested; provide for redemption, and, as the national-bank currency should be increased, to take up an equal amount of greenbacks till they were reduced to \$300,000,000, and there stop till the effect upon the country could be ascertained.

The CHAIRMAN. For every dollar of national-bank notes issued you would retire one of the legal-tenders?

Mr. BUELL. Yes. I would also suggest that the semi-legal-tender property of the national-bank note be abolished. It works unjustly to the national banks, discriminating as it does against them and in favor of State banks, other corporations, and individuals. For instance, a dealer may deposit national currency in a bank with which he deals, and then draw his check and demand greenbacks in payment. When greenbacks were at a premium in Wall street during the late panic, dealers did demand greenbacks of the national banks, and the banks, in self-defense, after a little experience, took the responsibility of declining to pay in that currency. National banks now are obliged by law to receive national currency for debts due them, but are unable to oblige any creditor of theirs, not a national bank, to receive payment in the same currency. National currency secured and redeemed, *i. e.*, convertible into greenbacks at option of holder, is all the function requisite to make national currency desirable anywhere and everywhere in this country.

The CHAIRMAN. After you reduced the legal-tenders to \$300,000,000 under the free-banking system, you would let the national-bank notes increase up to \$1,000,000,000, if necessary?

Mr. BUELL. Yes, with redemption.

Mr. PHELPS. How can you make redemption certain?

Mr. BUELL. As national currency would come to the centers in surplus, it would become less valuable than greenbacks, and be assorted and presented for redemption in greenbacks.

Mr. PHELPS. By the time the greenbacks were cut down, might there not be a very large increase of the bank circulation on the present basis of \$400,000,000 greenbacks, and the so-called system of redemption in New York be maintained?

Mr. BUELL. We have less than \$400,000,000 now, and there is no redemption.

Mr. MITCHELL. Then at present your banks do not care for redemption?

Mr. BUELL. Under the circumstances it cannot be done. The redemption medium is larger than the currency to be redeemed. One currency being as valuable as the other ordinarily, there is, therefore, no reason for demanding legal-tenders for national currency.

Mr. MITCHELL. Very well; the currency to be redeemed might be increased largely.

Mr. BUELL. Certainly. But there will not be redemption if you increase the volume of the redeeming medium so quickly as if you reduce it. The national banks have but little coin. The general commerce of the country does not require it as at present conducted. Almost all the coin is under the control of the Government. As soon as the Government will redeem its legal-tenders in coin, the national banks will redeem their currency in coin or its then equivalent—greenbacks.

The CHAIRMAN. If you have two mediums, the one which performs more functions is the better?

Mr. BUELL. Yes; but our observation is that the poorer currency generally supplants the better, and is oppressive to the poorer classes, upon whom it is generally forced in payment of wages, &c.

The CHAIRMAN. That does not apply to redemption?

Mr. BUELL. No.

The CHAIRMAN. There is no function performed by the legal-tenders that is not performed by the bank-notes, and so there is no interest to redeem?

Mr. BUELL. It is not quite so with us. In New York our differences in the clearing-house are all paid daily in legal-tenders. In the interior they settle differences between banks by drafts on New York or by national-bank notes or legal tenders. With us, our basis of settlement being legal-tenders, we must have them. If a correspondent should send us \$100,000 of national-bank notes for his credit, and then draw on us for \$100,000 through another bank, we should have to pay his draft in legal-tenders; the national-bank notes that we received from him would not do it, according to New York rules of settlement. This makes legal-tenders more valuable in New York than elsewhere.

The CHAIRMAN. What is the difference?

Mr. BUELL. There are no fixed rates. During the panic greenbacks were at a premium of two, three, and four per cent.; since then, nothing. Occasionally the rate rises to one-eighth of one per cent.

The CHAIRMAN. It makes no practical margin ordinarily?

Mr. BUELL. No. We once organized an assorting and redemption system in New York. I suppose it is still in existence *on paper*. But there is not sufficient chronic difference in value between the national currency and greenbacks, nor any sufficient and continuous volume of national-bank notes to require its being carried on. Sometimes for two or three weeks we have a surplus of national-bank notes, and then it is dissipated. If it was in continuous volume, necessity would compel redemption.

Mr. MERRIAM. Would you in New York send home these bank-notes through the Treasury? Is not that the only way that it ever will be done?

Mr. BUELL. If you provide for reducing the volume of legal-tenders till they are more valuable than national-bank notes, the matter will take care of itself.

The CHAIRMAN. As it is to-day, without any reduction, is there any other way except the one we propose to present?

Mr. BUELL. Perhaps not at present.

The CHAIRMAN. Well, do you approve of that measure?

Mr. BUELL. Probably it is the next best plan.

Mr. HUNTER. Suppose we had one-tenth of the customs in legal-tender?

Mr. BUELL. It would enhance their value.

Mr. HUNTER. Would that be sufficient to enable you to redeem?

Mr. BUELL. I do not think so. I do not think it would have any perceptible influence, so long as the relative volume of legal-tenders is unchanged.

Mr. MERRIAM. What do you want to redeem at all for?

Mr. BUELL. The national note, when not wanted by commerce, should be sent home to its issuer, there to lie in his vaults, instead of in the pockets of the people or the vaults of other banks, a kind of forced loan, as it now does. When the bank issued it it got somebody's note on interest, and as long as it stays out just so long the issuer is drawing interest on it from the public, which is thus obliged to keep and use it as best it can, and which makes it a forced loan from the public to that extent.

Mr. PHELPS. The last section of the bill says that gold shall be held to meet redemption. Would that put up the price of gold?

Mr. BUELL. It would seem so.

Mr. FARWELL. What is the objection, after adopting the first section, to provide that any holder of legal-tenders may receive from the Government a 5 per cent. bond? Would not that be a complete check to any inflation?

Mr. BUELL. That would reduce the volume of legal-tenders certainly, and perhaps at times very rapidly.

Mr. FARWELL. Might you not in some seasons find the people converting a great amount of the basis of redemption into Government bonds and producing a great stringency?

Mr. BUELL. It would be a prodigious power in the hands of Wall-street speculators. I should fear it.

The CHAIRMAN. Make banking free, and give the holders the option of funding them. Would not that bring about specie resumption?

Mr. BUELL. Not necessarily. It would bring bonds to par with greenbacks at once, if it is the legal-tenders you speak of funding.

The CHAIRMAN. If we withdraw all other currency, that will be specie payments.

Mr. BUELL. Certainly. At the close of the late war the Southern States practically had no currency except gold. It had all broken down. We all know the effect there was to paralyze commerce completely until other currency was sent them. Would Congress like to take the responsibility of bringing about specie payments in that way?

Mr. FARWELL. This would be done by the people themselves. Would not \$100,000,000 be also absorbed by national-bank circulation?

Mr. BUELL. The capital for national banks ordinarily is not taken up so rapidly by the public. It requires much solicitation and effort anywhere to get the capital for a bank subscribed; and at the present time, owing to the high price of United States stocks, the profit upon national banking is not such as to tempt capital rapidly into national banks. There is a very general misapprehension pervading the public mind upon this subject. The restrictions as to national-bank currency induce people to regard a national bank as a mine of wealth—a monopoly. Such restrictions should be removed by allowing free banking, as heretofore suggested. Allow me to illustrate, and suppose for example the case of a bank organized in a small town in New York State. The capitalists of the place subscribe a capital stock of, say..... \$100,000 00

This sum is taken to the United States Treasury and lent to the Government, and for which the bank receives in United States fives, at present price, say..... 84,000 00

This United States stock is then taken by the bank and lodged with the Comptroller of the Currency, and he issues to it 90 per cent. national currency, say..... 75,600 00

Of this or its equivalent the law says 15 per cent. as reserve must be kept on hand, say..... 11,340 00

Which, deducted from the \$75,600, leaves the bank to loan out to its dealers and obtain interest for but..... 64,260 00

Now, the practical operation of this is that of the loanable capital of the place \$100,000 has been contributed and paid into the bank, and the place has got back as loanable capital or credits its own notes for only \$64,260. The place, instead of "inflating" its loanable capital by organizing a bank, has got one-third less by the operation.

Now let us see how the profits stand. The principal sources of profits for banks in small places are from circulation and deposits:

1st. Interest on the United States bonds, \$84,000. Five per cent. in gold is \$4,200, which at 12 per cent. premium is worth..... \$4,704 00

2d. Interest at 7 per cent. on the \$64,260 currency allowed by law to circulate is..... 4,498 20

3d. We will suppose the bank able to attract, say, \$50,000 deposits, upon which it pays no interest, which is a liberal supposition for banks of this character; deduct reserve required by law, 15 per cent., \$7,500, leaves \$42,500, which at 7 per cent. interest gives the bank..... 2,975 00

Total profits, say..... \$12,177 20

From total profits we have to deduct, for United States tax on capital not in United States stocks, \$16,000— $\frac{1}{2}$ per cent..... 80 00

Also tax on circulation, 1 per cent..... 756 00

Also tax on \$50,000 deposits, $\frac{1}{2}$ per cent..... 250 00

In the city of New York, for 1874, the State, county, and city tax rate will probably be 3 per cent.; and in Albany City, 5 per cent. and upwards. In smaller cities and villages in the State of New York the rate of tax is from 2 to 5 per cent. In New York and Albany Cities, banks are assessed upon the whole capital, par value, and by the law of the State is required to be so assessed everywhere in the State.

State and county and town tax on the capital, say only 2 per cent..... 2,000 00

Salary of officers, rent, &c..... 3,500 00

Total taxes, expense, &c..... 6,586 00

Leaving a total balance of profit above paying expenses, taxes, &c., but no allowance for bad debts..... 5,591 20

Not enough of total profits left to pay the stockholders a dividend of even 6 per cent. on their capital.

If the above statement is correct, (and it is believed any bank officer or other person familiar with banking will verify its accuracy, except that the estimate for profits is full, and the estimate for expenses, taxes, &c., is small, and no allowance is made for losses,) it will be seen that the profit of national banking is not such as to induce capital into that kind of business very rapidly. When United States stocks, sixes of 1881, were to be had at par, and the gold interest could be sold at 200, the profit was attractive. But now it is quite different. Many national banks would be glad to return their national currency to the bank department, and take up and sell their United States stocks, did the law permit it. We should like to return ours. We can make more profit by the use of our capital, now locked up in United States stocks, lodged with the bank department as security for national currency given us, than we can by the use of the national currency. Repeal this provision of the national-banking law, and there will be many millions of national circulation voluntarily given up by the banks in central cities, and could be then distributed to such sections of the country as might desire it.

The CHAIRMAN. Shall we not reach specie payments just as soon as the state of trade and business of the country will justify it, and no sooner? Is it not a commercial result, and not a legislative enactment?

Mr. BUELL. In one sense it is a commercial result, but Congress may legislate and derange matters so that commerce cannot do it. If the Government should issue \$1,000,000,000 of greenbacks, could the Government redeem it in coin? How could gold enough be procured? I am aware of but two ways of getting back to specie payments. One is to expand our paper currency until it bursts, breaks down, and brings down the whole fabric of credit. The other is to regulate our standard (legal-tender volume) so that it shall gradually approximate to and be convertible into coin, which, when done, will bring the national-bank currency by redemption to the same value.

The CHAIRMAN. Do they not have a specie basis on the Pacific coast?

Mr. BUELL. Yes, but not a legal-tender basis; they have a higher law there.

The CHAIRMAN. What is that?

Mr. BUELL. Public opinion. There a man must pay in gold or leave the country.

The CHAIRMAN. The state of business and trade created that. Will it not be so all over the country?

Mr. BUELL. No, not at the East. They are educated up to it there. We lack that education here, and have not time to stop to be educated, especially with Congress legislating and educating us the other way.

Mr. MERRIAM. If we should reduce two millions a month, would it not be better to redeem them in 5 per cent. bonds at a premium, instead of doing it in gold, as proposed in this bill?

Mr. BUELL. Perhaps so. It would not have the same effect on the price of gold.

Mr. MERRIAM. Under free banking how rapidly would the circulation increase in a year?

Mr. BUELL. According to the estimate of the Comptroller of the Currency, about twenty millions per annum.

Mr. MERRIAM. How are the speculators to whom the banks lend money to be controlled?

Mr. BUELL. By their interest, and not by law. They have a good many millions of their own. The banks do not lend them the amount of money generally supposed.

Mr. MERRIAM. How do these men get it?

Mr. BUELL. There are many millions of loanable capital in New York City not controlled by the banks. In fact, there is probably more capital loaned to speculators by capitalists outside of the banks than there is by the banks. But a small proportion of currency is used in our enormous transactions.

Mr. MERRIAM. You lend them credit, then? What would prevent that under a different system?

Mr. BUELL. We would have a less basis to do it on if the volume of legal-tender were made smaller. A man cannot expand as much upon a hundred thousand dollars capital relatively as he can on a million. The present system of forcing reserves into New York is like the action of a pump forcing water into a cistern. You oblige the banks to keep a reserve. The consequence is that your reserve-pumps throw it largely up into one reservoir.

Mr. MERRIAM. We propose that banks shall keep their reserves at home.

Mr. BUELL. That may obviate the difficulty somewhat. Would it not be better for the banks of the redeeming cities only to be obliged so to keep their reserve, and not to oblige the small banks all over the country to keep it at home? I would, however, suggest that the statute requiring banks to keep a reserve be wholly abolished, and in its place publicity of condition be substituted as a much more effectual guard for the public. If the Comptroller of the Currency should call for weekly statements from banks in the larger cities, and for monthly statements from banks in smaller places, and the reports be published as now, such publicity would bring the condition of banks directly to the knowledge of their dealers. They would then be able to judge whether their banks were or were not safe custodians of their deposits. Public opinion would then be brought to bear upon bank management, and self-interest would cause the managers to keep strong—to keep a full reserve—much more so than the law now does, or the bank examiners can. If a bank is weak, the public ought to know it, that it may stop trusting it. Banks ask their dealers for statements of their con-

dition when they desire such information, and there is no reason why the banks should not furnish their dealers with similar information about their own condition. Turn about is fair play and tends to keep all parties on their good behavior. When I ask a dealer for a statement of his affairs, if he puts on airs and declines to give it, I thereupon order his account closed, and decline to do business with him. There is no reason why the same rule should not be applied to corporations asking credit that is applied to individuals asking credit—publicity. Frequent published statements will benefit the strong, well-managed banks, and weed out the weak ones. Capital is a sensitive creature, and runs from weakness like fear from a contagious disease.

Mr. MERRIAM. The bank can keep its certificates of deposit in the Treasury as they do now.

Mr. BUELL. If you would allow them to keep the certificates bearing 3.65 per cent. as reserve in their own vaults, they would do it; interest would dictate it. They would rather trust the Government than trust other banks with it.

Mr. MITCHELL. Is there any reason why Government should charge itself with the duty of redemption of the notes of the national banks?

Mr. BUELL. None. The sooner Government goes out of the banking business the better for all concerned.

Mr. MITCHELL. Supposing redemption was a necessary thing, is there any reason why the banks cannot carry it on themselves?

Mr. BUELL. None.

Mr. MITCHELL. Why don't you?

Mr. BUELL. Because it is not for our interest, under existing circumstances, to do so. The volume of legal-tender currency, the medium or agent used in payment or redemption of national-bank currency is now greater than the volume of national-bank currency, the thing to be redeemed. Reduce the volume of legal-tenders until it shall be more scarce, and consequently more valuable than the national-bank currency, and you make it for the interest of holders of national currency to require redemption in legal-tender.

The CHAIRMAN. You spoke of the small amount of money used in business compared with bank credit. The clearing-house exchanges for New York are put down as thirty-four billions. What proportion of that do you think was transacted in money?

Mr. BUELL. About 5 per cent.

Mr. PHELPS. Assuming that our legal-tenders are four hundred millions, is it safe for us to rely on free banking?

Mr. BUELL. I should not think so, because I do not think redemption can be made practicable with that volume of legal-tender.

The CHAIRMAN. The truth is, then, that we have no more currency than we actually want, and we have no time to send it in for redemption.

Mr. BUELL. What you assume may be correct, but no man can tell how much currency we do want. The proportion of currency to checks, bills of exchange, &c., used in commerce, is so small that few people conceive of it. We use in New York about 5 per cent. currency; in smaller towns they use 10 per cent.; in still smaller places, from 15 to 25; and when you get back to the agricultural districts it requires 50 per cent. or more. The other 95 per cent. of the commercial transactions of New York City are moved by checks, bills of exchange, &c.

The CHAIRMAN. Does the 5 per cent. cover the shopping and money transactions hotel bills, &c.?

Mr. BUELL. Yes; it all comes to a point in the banks through the clearing-house exchanges. Take your own experience, or that of a merchant who pays fifty thousand dollars by checks in a day, and not more than a hundred dollars for cash disbursements, personal expenses, &c. The volume of currency being so variable, used as it is in conjunction with checks, bills of exchange, &c., it is impossible to tell how much is required. The only way to measure it is by having practical redemption. When it is not wanted, let it go back to the issuer; and when it is wanted, it will come out and do its work, and again retire. We now move our crops by contraction. We used to move them by expansion. For example, to-day there is a plethora of money in New York, and an absence of it in Cincinnati, Chicago, &c. They have grain or other products on hand. They send their paper to New York; it is discounted and currency sent them for it. That enables them to hold and maintain prices. In spring the grain will begin to move to the seaboard; it takes money to move it. Bank balances which have accumulated in New York are drawn for from all parts of the country. Money gets tight. Interest goes up. Holders must sell, in consequence of contraction of loans. Prices come down. The grains or other products come forward, but at reduced prices; and, by various devices, less money and more checks are used. So we now move our products by contraction, spring and fall; whereas formerly, at such seasons, the banks issued their circulating-notes, expanding their loans and circulation thereby for the time being.

Mr. MERRIAM. Do you think any man can say just how much currency we shall use—so much, and no more?

Mr. BUELL. No, sir. An efficient redemption will be a self-adjusting system, which will determine at all times what amount of currency is needed, and nothing else can measure it.

In addition to the points covered by the discussion before the committee, a copy of which is herewith annexed, I would call attention to the following facts, which should be considered in order to comprehend the present *status* of our currency:

1st. The volume of currency in use more or less actively in the Northern States during and at the close of the late war, as compared to volume now in use in same territory.

2d. The expansive or inflating nature of the old State-bank system, which permitted banks to issue their unsecured circulating-notes for from one and a half times the amount of the capital, to as much as they could by any means put in circulation, as contrasted with the national bank system, which requires the circulating-notes to be secured, and by that means is contractive in its operation as a whole upon the loanable capital of the country, as we will show further on. With the latter there is no possible danger of expansion or inflation to the currency of the country, provided it is redeemed.

3d. The profits to the stockholders of each system contrasted; by which it will be seen that the old State system afforded its stockholders far more profit than does the national system its stockholders.

1st. At the close of the war we had in the Northern States of Government issues outstanding, viz:

Legal-tenders, about.....	\$400,000,000
National-bank currency, about.....	300,000,000
Certificates, 5 per cents, certificates of deposit, compound-interest notes, &c., say	300,000,000

Total amount currency at the close of the war.....	1,000,000,000
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The various issues of the Government, besides the \$400,000,000 legal-tenders, working in and through the currency, including 5 per cents, certificates of deposit, compound-interest notes, &c., was, at about that date, over \$400,000,000. We will assume for this argument, so as to be on the safe side, that it was but \$300,000,000. But whatever the sum was, now all the issues of the Government except legal-tenders have been withdrawn. We take no account of fractional currency. When the war closed the Southern States were practically without currency, and ours began at once to flow there. It is probable that there are in the Southern States 2,500,000 families; and it is also probable that each family have taken and now have on an average from \$80 to \$100. If we take the smaller sum, then the Southern States have absorbed of our currency \$200,000,000, (which is so much contraction in its effect on the volume in use by the Northern States at the close of the war.) With this explanation let us now put the figures down again and see how much currency we have at present in use in the Northern States.

Total amount of currency at the close of the war.....	\$1,000,000,000
Of which the Government has withdrawn all its issues except legal-tenders, (contracted,) say.....	\$300,000,000
The Southern States have absorbed, (contracted our volume of currency,) say.....	200,000,000

Making a total contraction of volume of currency since close of war.....	500,000,000
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Leaving now in circulation in Northern States a total of.....	500,000,000
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And from this \$500,000,000, if we deduct amount required by law to be held as reserve by the banks, we will assume, say \$125,000,000, the then remaining \$375,000,00 only are left for the ordinary demands of commerce; the reserve being called into use upon extraordinary occasions only.

2d. The public generally suppose the national-banking system is as expansive or inflating as was the old State system, which issued its own unsecured circulating notes to any amount they could put in circulation. This is a mistake. Let us illustrate by supposing and stating the case of a State bank, and then the case of a national bank, and see how they compare, viz: The capitalists of a small place contribute for the capital of a bank of their loanable funds, say \$100,000. This sum being paid into the bank, it is loaned by it to its dealers, so that the place has as much of this kind of capital as before the bank-capital was paid in. In addition to this, usually the State laws authorized banks to issue of their own unsecured notes one and a half (or more) times the amount of their capital say \$150,000.

Now, the practical operation of this is that the place has, by the establishment of a bank, got as loanable capital or credit, all the paid-in capital of the bank, \$100,000, and all the circulating notes of the bank that it is able to keep in circulation, say \$150,000, making a total of loanable capital of \$250,000, where before the establishment of such bank there were but \$100,000 loanable capital. The place has been inflated thereby \$150,000 or 150 per cent. by the operation.

Now, let us suppose the case of a national bank organized in a small town, say in the State of New York. The capitalists subscribed a capital of say \$100,000 each.

The sum is taken to the United States Treasury and lent to the Government, and for which the bank receives in United States fives, at present price, say \$84,000.

The United States stock is then taken by the bank and lodged with the Comptroller of the Currency, and he issues to it 90 per cent., national currency, say \$75,605.

Of this or its equivalent, the law says 15 per cent. as reserve must be kept on hand, say \$11,340.

Which deducted from the \$75,600, leaves the bank to loan out to its dealers and obtain interest for but \$64,260.

Now, the practical operation of this is that of the loanable capital of the place \$100,000, has been contributed and paid in to the bank, and the place has got back, for loanable capital, the bank's own notes for only \$64,260. The place, instead of "inflating" its loanable capital by organizing a bank, has got but two-thirds as much as it had before, and what it has got is in the bank's own notes, which it is liable to be called upon to redeem.

3d. Now let us compare the profits of the two systems to stockholders. In order to make the two cases parallel, we will suppose the same rates of taxation, expenses, interest, and the same amount of deposits, &c., for each. The principal sources of profits for banks in small places are interest on capital paid in, on circulation and deposits.

We will state of a State bank first, viz :

1. Interest on capital paid in, \$100,000, at 7 per cent.....	\$7,000 00
2. Interest on circulating notes, \$150,000, at 7 per cent.....	10,500 00
3. Interest on deposits, say \$50,000, at 7 per cent.....	3,500 00
Total profits.....	\$21,000 00
From which deduct United States tax on capital, $\frac{1}{2}$ per cent. on \$100,000	500 00
United States tax on circulation, 1 per cent. on \$150,000.....	1,500 00
State, county, and town tax, say 2 per cent. on \$100,000 capital.	2,000 00
Salary, office-rent, &c.....	3,500 00
Total taxes and expenses.....	7,500 00
Leaving total balance of net profits.....	13,500 00

Which is equal to a dividend to the stockholders of $13\frac{1}{2}$ per cent., (no allowance for bad debts.) It should, however, be borne in mind that before the establishment of the national system of banking there were no taxes levied by the United States on banks, but in the above estimate we have allowed a United States tax of \$2,000, which properly should not be done. State banks were not required by law to keep reserve.

Now let us take the case of a national bank, and see how its profits compare with those of the State bank above described :

1st. Interest on the United States bonds, \$84,000; 5 per cent. in gold is \$4,200, which, at 12 per cent. premium, is worth.....	\$4,704 00
2d. Interest at 7 per cent. on the \$64,260 currency allowed by law to circulate is	4,498 20
3d. We will suppose the bank able to attract say \$50,000 deposits, upon which it pays no interest, which is a liberal supposition for banks of this character; deduct reserve required by law, 15 per cent., \$7,500, leaves \$42,500, which, at 7 per cent. interest, is.....	2,975 00
Total profits, say.....	\$12,177 20
From total profits we have to deduct for United States tax on capital not in United States stocks, \$16,000, $\frac{1}{2}$ per cent.....	80 00
Also tax on circulation, 1 per cent.....	756 00
Also tax on \$50,000 deposits, $\frac{1}{2}$ per cent.....	250 00
(In city of New York, for 1874, the State, county, and city tax rate will probably be 3 per cent., and in Albany City 5 per cent. and upward. In smaller cities and villages in the State of New York the rate of tax is from 2 to 5 per cent. In New York and Albany cities banks are assessed upon the whole capital, par value; and by the law of the State are required to be so assessed everywhere in the State.)	
State and county and town tax on the capital, say only 2 per cent....	2,000 00
Salary of officers, rent, &c	3,500 00
Total taxes, expense, &c	6,586 00
Leaving a total balance of net profits above paying expenses, taxes, &c.....	5,591 20

Not enough of total net profits left to pay the stockholders a dividend of even 6 per cent. on their capital, and without any allowance in the estimate for bad debts.

N. A. COWDREE, retired banker, of New York, appeared before the committee and made the following statement:

I hold in my hand a bill to facilitate assorting and redeeming national-bank note currency and to authorize the issue of circulating notes to the amount of 92 per cent. in lieu of the 90 per cent. now authorized by law. This simply authorizes some authority to designate a bank at which they shall redeem mutilated currency, and make it an object for the banks to use it by giving those banks that do use it 2 per cent. more circulation. The theory is inexpensive; it costs banks and Government nothing. It costs now from one hundred and eighty thousand to two hundred and fifty thousand dollars per annum to assort mutilated currency. The objection to the bill of the committee (House bill 1572) is that it makes contraction. The country wants expansion. There is a great cry for more currency. The bill of the committee requires the banks to deposit 5 per cent. of legal-tenders in the Treasury. That takes away the ability of the banks to loan \$80,000,000, and it is not probable, in my judgment, that the banks will submit to that. The law would not be permanent. The banks would be here very soon to get it changed. The banks do not make enough to allow them to do it. The system proposed by Senate bill 203 is expensive to nobody. The committee's bill makes a large bill to Government for assorting the money. The method I suggest does not cost one cent to any one.

Mr. MERRIAM. Will the banks in New York consent to it?

Mr. COWDREE. Yes, if the President designates some one bank in New York to redeem the mutilated currency, and the law allows banks using that bank as a redeeming agent 2 per cent. additional currency, it will be a success.

The CHAIRMAN. Why not establish clearing-houses?

Mr. COWDREE. This is a clearing-house under another name. The President provides that the banks keep their reserves in their own banks. I think the President is sound on that point. It would prevent this great accumulation of currency in New York, or this seeming accumulation of currency; for very often there is no money about it. It is simply note upon note. I will show you what I mean by illustration: The bank in Watertown wants a reserve in Chicago. They send on their president's note, saying, "We want you to discount and place the proceeds to our credit, holding the same as a reserve for us." This they do. The bank in Chicago then wants a reserve in the city of New York. It sends on the same note to be rediscounted and held there for a reserve for the Chicago bank. This too is done, but there is no legal-tender money, as contemplated by the law, in the transaction. It is simply an accumulation of ledger-credits for reserve. It seems to pile up legal-tenders in New York, but it is a fiction, and a double fiction.

The CHAIRMAN. What is the 2 per cent. for?

Mr. COWDREE. It is to give all the banks that keep accounts their 2 per cent. additional currency.

Mr. MERRIAM. Do you not propose to have every bank deposit 2 per cent. with the redeeming bank?

Mr. COWDREE. There is nothing in the bill compulsory. It is contemplated that any bank preferring to do so may deposit 2 per cent., or may pay a commission for doing the business. They may do that, or may use such other agency for redeeming mutilated currency as they prefer. The proposed bill makes an elastic currency; for when bills concentrate in New York, they will be sent home and redeemed. When the business of the country warrants it, they do not come there. This bill accomplishes exactly what I understand the committee is seeking to obtain, and exactly what they seek to get.

In response to the invitation of the committee, Mr. LONDON, of New York, appeared and made the following statement:

There are occasions in the career of nations when it is the part of wisdom to compromise differences of opinion by some measure which may be accepted by the contending parties without detriment to either. Upon the subject of our currency and our financial policy, our people and their representatives are divided into two parties. One of these parties desires an additional amount of money, which can be obtained upon easier terms than the rates now demanded for the interest on loans, and supposes that an increased volume of paper money, issued by the Government, will accomplish its objects. The other party desires specie payments and a contraction of the paper circulation issued by the Government, assuming that a resumption of cash payments is a result that should be brought about, notwithstanding the suffering which such a course would entail. It is true but few are agreed upon any particular policy, as no one measure has such popularity as to override all others; but the chief points of difference may be traced to those who are debtors and those who are creditors. The numberless propositions now before us are so many unmistakable evidences of the weakness of our financial situation as a nation, especially as to our currency. We must accommodate those who wish more money, as I am ready to acknowledge that this interest is right and must be respected, and it will be clearly shown that the bill for an exchequer meets these wants better than any other proposition. I must also admit that those who deem specie payments just and right are equally entitled to the consideration of their claim, as founded upon an obligation as sacred as any which could bind any Government; and I must say to them that the bill for an exchequer will perfect and bring about a resumption

in the only way in which we can resume and maintain specie payments without a calamity greater than the evil which would flow from a continued suspension.

There is no feasible way of resumption upon a paper currency compounded, as ours is, of two discordant descriptions of circulation—one-half issued by banks, which paid it out as a loan, and the other half paid out to settle a debt. The first is discharged by the latter, and of course has the same value. We are unable to pay the legal-tenders in coin, and we must therefore substitute them by a currency having different qualities, so that we may have a permanent resumption upon such terms as will be satisfactory to the great producing interests of the country. We have, first, five or six hundred millions of misplaced credits or money in the United States: compounded of legal-tenders about \$400,000,000—a loan due by the Government to the people, which I propose to show cannot constitute a good currency; the surplus in the Treasury of \$87,000,000—deduct the gold-certificates, and call it \$50,000,000; the bank reserves and their undivided profits and surplus, about \$250,000,000. Second. Our currency is constantly fluctuating in value. Third. The rates of interest are high, and in many portions of the United States money is not obtainable even at 1 per cent. per month, while much of that which is lent by the banks is upon collaterals, and not upon legitimate business paper. Fourth. Our currency has positively little or no value in our foreign trade, and there is no institution in the United States that issues paper-money payable in coin, which has sufficient credit, importance, or means to give it currency beyond the limits of the United States. Sixth. Our Government issues, in the shape of legal-tenders, are equally valueless in all our foreign trade. Seventh. The relations between capital and labor are frequently disturbed, and but recently all our commercial relations have been interrupted by a suspension of paper-payments—a singular and fearful catastrophe arising primarily from a short grain-crop abroad, which, by creating a demand for coin on the Bank of England, chiefly to supply the deficiency in the harvest, cut off the demand for our various bonds in the European markets, and thereby brought down many American houses engaged in railroad speculations, and precipitated distrust on our entire system of banking, which, extending itself like a plague throughout the whole country, has left us with the fearful sense of distrust for the future, while uncertainty and gloom cover every enterprise in the country dependent on capital for its prosecution. Such evils, wide-spread and almost universal, demand of us the most thorough investigation and a searching inquiry into their origin, and the most patient and serious consideration of the means by which we may remove the causes which have brought these evils upon us, and learn, if we cannot see, not only the remedy, but the preventive, by which we may secure ourselves against a recurrence of a similar state of affairs.

There can be no permanent ease in the money-markets of the United States unless there be *an increase of the means which can be lent*. This proposition needs no argument to sustain it; it is self-evident. A further loan from the people to the Government is therefore absurd. An increase of the legal-tender currency, or the swapping of bonds for those now out, or any new issues, will add but little, if anything, in amount to the money which can be lent to the people, since the Government will not lend its money or its credit to the business-men of the country. The right and the privilege now exists, and can be exercised by any one, to sell Government bonds for legal-tenders, or to convert legal-tenders into bonds of the Government in the open markets of the country, and nothing, therefore, can be accomplished in the way of relieving the pressure, by any privileges such as those suggested by the various propositions for swapping the bonds for Government paper-money, and then exchanging legal-tenders back again for bonds, except so far as these bonds or the legal-tenders may pass into the banks and constitute through them a means of extending their loans. *The quality of this sum of \$400,000,000, or a large part of it, now in the form of legal-tenders*, must be changed from being a debt due by the Government to the people into a *loan* to the people. This grand capital and primary action is *absolutely necessary*, and the means by which this is to be brought about is the first step toward relief, and it is this process which is the real difficulty before us; and unless we can substitute a currency which shall have its efflux in the form of a loan for this which represents a debt, nothing but continued perturbations and frequently-recurring shocks in our financial career are before us. A fluctuating currency, which is the second of the evils to be considered, all must assent, should not continue, as a varying standard of values is an absurdity and an evil which must be eradicated, or we cannot hope for that high degree of integrity and faithfulness which should characterize a country having 40,000,000 of population and a production of \$7,000,000,000 annually. While our dollar of paper is the measure of almost every transfer of property as between citizen and citizen, the rates of interest in the United States are about twice that of any nation with which we have commercial intercourse, and that it should be reduced no man entitled to respect can question. Usury laws are useless to stay the cormorant money-lender. All parties must recognize the fact that the best means by which usury can be extirpated is to make money plenty and good, equally accessible in every portion of the country; and since the taxes should be fairly levied and collected, so should the benefits which may incidentally arise from their use or distribution be shared in by every section of our common country, and hence the rates of interest should be the same throughout the country; at least in every institution deriving its franchises from the Government. One of the cardinal defects in the act of 1864 was the omission to make the interest uniform throughout the United States, instead

of limiting the national banks to the rates in the several States. But if only a portion of what rumor alleges respecting the exactions practiced by the national banks, either covertly or openly, be true, enough occurs to warrant the inquiry as to the best means for correcting these irregularities. I should oppose any radical change in the present national banks, unless we can offer some measure which will be a judicious improvement. My purpose is to remedy dear money by utilizing all the idle means of the people, the Government, and the banks; and I therefore point to three sources from which relief may *be rightly obtained*. First. I mean the idle money in the Treasury. Second. The reserves required to be kept by the banks in surplus, and the increase of their issues to the full face-value of the Government bonds which they hold; and I thereby propose to change gradually *the quality* of that portion of our currency which exists in the form of legal-tenders to the extent of say \$150,000,000 certainly, into a currency which *can be lent to the country*. These changes made, and the addition to the loanable means of the country will be all of \$350,000,000; say increased issue from the banks, \$40,000,000, by the amount which would be lent by the exchequer, \$210,000,000, and by the sum now held by the banks as reserves in legal-tenders and coin, \$100,000,000; but, in addition, the banks which issue circulation, if limited, as they should be, to twice their capital in their discounts, would convert a large part of their immense surplus and undivided profits of \$174,819,600 into capital, so as to be able to discount by the use of these means; and, inasmuch as the surplus is now counted but once in these loans, we may from that source certainly add \$100,000,000 more to the permanent means for use in discounting business-paper, if the returns sworn to by the national banks are true, and this I am not prepared to question. This increase of \$450,000,000 to the loanable means of the country *must satisfy those in favor of expansion*. In a common calamity like that which has come upon us, great caution and forbearance are necessary to reach so desirable a result as that of blending in harmonious action so many institutions but recently shattered and disorganized, enabling them to save from the wreck as much as they can and to bring their means again into profitable use. I leave this part of the subject for the moment in order to consider the deplorable want of adaptation to the requirements of our foreign trade which our currency presents from its diversified origin. I cannot forbear a remark or two on some very conclusive evidence for my view that paper-money can maintain itself on a par with coin if its efflux is in the way of a loan or discount of business paper—important facts disclosed by the returns of the Bank of France—that upon a capital of some \$36,000,000, say 182,500,000f., there is a circulation of about \$600,000,000, or 2,892,777,852f. at within $\frac{1}{2}$ of 1 per cent. of and maintain itself at par, or within 1 per cent. even during the great wars with Germany. Those who desire to fix the amount of the circulation by the number of heads in the country, or by any other standard than that of the business requirements of the country, should reflect that every effort has failed to make our own paper-money, amounting to only about \$400,000,000, issued by our Government, with an annual revenue of some \$300,000,000, and property, as far back as 1870, of more than \$30,000,000,000, and augmenting in value daily, pass at par with coin even within our own territory, much less to serve any useful purpose in any foreign country, although our immense bonded debt of more than \$2,000,000,000 is equal to par at about half the interest paid for the use of this circulation for domestic purposes; while the rate of interest in France is only 4 per cent. to 6 per cent., and any departure from these rates by the Bank of France or the community is very rare, and yet the immense circulation in France is maintained at par. Bank-paper issued on the requirements of the business of a country, by a properly-organized institution, has in itself an adaptation for expansion and contraction, as well as for its own support and maintenance, that meets exactly all our necessities, whereas a legal-tender is absolutely destitute of any of these qualities. Their quantity in circulation is measured by nothing but the wants of the Government, fancied or real, and they do not legitimately originate in the business of the country or in the requirements of any accomplished transfers of property. Now, the amount of Bank of England notes which circulate in the foreign trade of Great Britain of course cannot approximate her circulation at home, but as far as that description of currency of any kind can be used, the notes of the Bank of England do go unquestioned, and her three-days' sight bills, payable to the order of the owner, are a favorite means by which travelers supply themselves with an unquestioned credit, and the influence which a stable currency and one unquestioned institution has had upon English credits throughout the world cannot be measured, as a sterling bill will buy whatever any man has to sell in almost every quarter of the world, while a bill on New York, to be current, has to undergo much scrutiny and many calculations as to its gold-value, and even then its usefulness is limited, and, indeed, the currency in which it is to be paid must be specified as in gold coin before anybody wants it, while the pound sterling means so much standard gold, recognized and accepted by and at the Bank of England. It may be asked, why seek to change the present system by which all our importations are carried on upon English credits? Are not their bills as serviceable as bills payable in the United States, and does not the use of sterling bills facilitate the movement of crops with advantage to our agriculturists? I answer that this business of conducting the exchanges of the world is one which has carried to England much of the money of the world, and with it much more of the commerce of the world than she would possess if her financial system was not as perfect as it is, and that to buy and sell with the instruments furnished us by

another people costs us too much; and, besides, we owe it to our dignity and honor and our independence to shape our financial arrangements and place them in such form that a citizen of the United States can everywhere use the currency which his Government authorizes with the same advantages with which the citizen of Great Britain can use the currency of his country. A secondary position is one we ought not to consent to occupy to any other nation, and I take it that, however we may differ as to the best means of accomplishing the result, to change the commercial center of the world from England to the United States is an end that would warrant us in adopting almost any measure which would tend to effect so desirable an object.

Certain it is that by making money safe in England untold millions have been left in that country; and if called upon to trace the cause of her great success as a commercial nation, I should say that no single act has so much contributed to her triumph as making money safe, and, following her example, we should *at once* take such steps as will create for this country some absolutely safe depository for public and private funds, an institution equally as worthy of confidence as the Bank of England, and such an institution is sketched in the bill for an exchequer. If it be desirable to use credit at all, let us place it in that form best calculated to make it useful and available. It is an arduous undertaking to extract the vast annual yield of gold and silver from our mines, now from \$60,000,000 to \$70,000,000, but to allow it to go to swell the immense accumulation of bullion and coin in foreign banks, upon which their credits rest, while we use a fluctuating currency, and are, upon every short harvest in Europe, made to suffer pecuniarily so acutely, does seem to be a monstrous injustice to ourselves. Instead of dispersing our means and credits, let us combine and utilize them, following the example of those whose success should justify us in copying much of that which has been so beneficial to them. We endeavored to copy some portions of the English law in the act of 1864, by requiring our banks to hold a certain *reserve* in lawful money, legal-tenders or coin, which, in addition to giving apparent stability to the banks, *absorbed a large amount of greenbacks*. The true foundation for paper-money should be coin, real money, as the last resort in the moments of danger and alarm. The exchequer guards the line of discounts by limiting them to twice its capital, a check upon overtrading which, if established for all other banks who are issuers of paper-circulation, would go far toward preventing panics entirely; but so far as reserves are concerned, they should be kept at the marine or commercial points, where our foreign commerce can make its demands and be accommodated with what may be necessary. In this respect the bill for the exchequer provides as positively as any charter could, its chief office and its branches being located at the commercial centers of each section of the country. Fullarton lays it down as one of the greatest advantages growing out of the Bank of England that its coin is like a vast national granary, and so located as to answer to every foreign demand for coin with which to buy grain, while the interior banks of England, Ireland, and Scotland move on in their career without any inconvenience to the internal trade of the country. Indeed, commercial currency panics, Fullarton says, are unknown in Scotland. Now, a question which I wish to raise, and to which I would ask your special attention, is this: Could it be possible for credits on England to be all over the world as valuable as they are if her circulation was discharged, not with coin, money of gold or silver, but was redeemed by a consol, a bond bearing, say, 3.65 or even 6 per cent.? No; the thing known and expressed on the face of these sterling bills of exchange and on the Bank of England notes is a pound—a gold pound—worth in our coinage to-day, by law, \$4.86 $\frac{5}{16}$. And I desire to put this interrogatory: Can any one expect, in the markets of the world, that foreigners, ignorant of our legal-tenders, our bonds, and our bank-paper, will accept any of these for their property in place of the universally known dollar? No; they reckon on that **THE THING** which they *ought to get for their property* is so many gold dollars; but, when told that the words “one thousand dollars” in the United States mean just that amount of legal-tenders which may be sold for gold dollars by giving \$100 off and accepting nine hundred gold dollars for the nominal thousand, or he may get a bond for one thousand dollars, the interest on which is paid in coin, they naturally turn away from transactions so uncertain and cling to an Englishman’s money or a sterling bill of exchange. Again, can we expect foreigners to make their ventures to this country or leave their balances with us when the 10 per cent. discount on our paper to-day may be 15 per cent. or 20 per cent. to-morrow? These illustrations, I hope, will satisfy every mind that we should have one conservative institution, the existence of which among us would clear away from American credit and money that distrust which our fluctuating currency creates in the minds of all enlightened merchants and bankers throughout the world. In this respect the results would be incalculable, but to these benefits we add the facts that, by the establishment of the Exchequer and the adoption of the suggestions which have been germinated by this discussion, we shall increase the loanable means of the country so largely, and thereby reduce the exorbitant rates of interest which prevail in the United States, and lay the foundation for changing the points of settlement for our very large foreign commerce from London to the United States, *because we should be creating an institution of greater capital than any now existing in the world*, and so organized as to guarantee absolute safety

to our currency and to every depositor, coin or its equivalent whenever demanded, keeping here the resulting balances of our commerce with foreign nations. But one of the greatest agents for bringing about friendly intercourse among mankind, and familiarizing the people of different nations who trade together, is the same money. Napoleon I sought to break up local prejudices and aversions by making French coins, French weights and measures, and the French language the language of Europe; but his words were, the greatest of all agents to acquaint nations and communities with each other is to give them the same money. Now, great as would be the advantages of the Exchequer on other grounds, I must be permitted to say that by giving to every section of this vast country one form of currency, one rate of interest for its use, one institution running like a golden chain through every quarter of the United States, we may add another bond of union, another source of attachment, and another chain about the union of these States, but recently endangered by a revolution, the suppression of which has been the primary cause of the very difficulties we now deplore, and caused the loss of much of our renown as a commercial people.

In the issue department the sovereignty of the States is recognized by giving to each State in which there would be a branch the same authority which the Government of the United States would have—a safeguard and protection to the holders of Exchequer notes, and at the same time mingling authorities and reconciling interests which but recently were in antagonism. This feature in the bill must silence the objections of many State-rights men who have complained that the Federal Government, through the late Bank of the United States, invaded with a moneyed corporation their sovereign territory. Now, in the organization of the Bank of the United States of 1816 the bonds of the Government were accepted to the extent of three-fourths of the private subscriptions, the 7 per cent. at \$106.50, the 6 per cent. bonds at par, and the 4 per cent. at \$60. The privilege was accorded to the bank to sell these bonds as well as the \$7,000,000 subscribed by the Government. It turned out that the whole of these bonds were either paid or sold, so that the whole \$28,000,000 of United States bonds became so much actual money, and, after receiving the dividends on its subscription, the Government sold to the bank its stock after the charter had expired, at \$115.58. Now the Exchequer virtually accepts three-fourths of its capital in 4 per cent. bonds of the United States at par, inasmuch as the subscriptions made to its capital will be three-fourths in legal-tenders and one-fourth in coin, unless subscribed for *in coin by foreigners*; the practical operation being that, by dividing (as seems to be about the course which should be adopted in the organization) the subscriptions into installments of 10 per cent. each month, the Exchequer would withdraw monthly \$7,500,000 in legal-tenders for ten months, and each month, *pari passu* with these payments on the subscriptions, the Exchequer would discount business-paper to the extent of \$10,000,000, thus adding to instead of diminishing the amount of money in circulation. After the subscriptions were all paid up and the institution taking in deposits, a further conversion of legal-tenders would go on up to \$150,000,000, the additional circulation passing from the issue department to the banking department, and through its discounts adding the amount of coin, which throughout would be one-fourth, left with the 4 per cent. bonds into which the legal-tenders would be converted, so that the community would enjoy the use of the entire circulation because it would *all be loaned* out and paid away upon business obligations. But the greatest of all advantages would be that the legal-tenders now *borrowed* of the people would be converted into a *loan* to the community, an operation which can be easily performed with as much certainty as anything dependent on the future for fulfillment; and as every Exchequer note would be payable in coin, *this must satisfy those who favor specie payments*; and without meaning to exaggerate the advantages of such a change, I challenge the criticism of every man who claims the attention of the public for any views he may have on financial questions; and I demand of those who are advocating a currency to be issued *wholly* by the Government, or a circulation convertible and reconvertible into bonds, how will your schemes compare in this all-important and vital point with the Exchequer? Now, all of these propositions are clearly predicated upon the absurdity that our currency can be made either stable or elastic, while the foundation, the very means of its creation, is purely arbitrary, brought into being without business operations, the true, unquestionable, and sure measure which should limit the circulation and carry it upon all its various duties and bring it back to its issuers with as much certainty as the ebb and flow of the tides. If any principle of finance is settled, it is that all currency, to be stable and elastic, must have its efflux from the issuers in the way of a loan, the payment of which will bring back this circulation as a reflux; and it is equally true that all such issues, if made on the discount of active business-paper, will carry with them this exact quality, and preserve always the elasticity and activity of the business of the country; whereas loans which are postponed or delayed from time to time and not paid, if made by the issuers of paper money as an accommodation, seem instinctively to hurry themselves back to the issuers for redemption and thus warn the banks against this course of business. I speak from some observation of my own in an experience of thirty years, and from the testimony of almost every bank officer and writer in this country or any other. During the discussions respecting the subtreasury we heard many expressions about the introduction of a system which would result in giving to the officers of the Government a currency of coin, while another, exclusively of paper, must be used by the people. We are reminded of these words by the facts we now witness, that the only cur-

rency which is accessible to the producers of cotton, grain, tobacco, hemp and woollen goods, shoes, blankets, &c, is, in the entire country east of the Rocky Mountains, of paper. But remember the fact that the bondholders get their dues in coin, and so do our foreign ministers, I suppose; but we have no gold coin in our circulation, while the duties on all imports are all payable in coin, practically fulfilling the declaration that this would be the result. The advocates of the independent treasury were chiefly free-traders and friends of rigid economy on the part of Government, and lost sight of the fact that in the course of events an immense sum in coin might be dragged from its place in the commerce of the country and kept idle in the Treasury, thus carrying away the foundation of our entire credit system, and placing it beyond the reach of hands that could judiciously use it in our trade and commerce. Our present financial situation painfully fulfills all the worst predictions of the opponents of the subtreasury, demonstrating in a form but too obvious that we should not continue a financial system projected for a Government which was never designed to receive or pay away much money, certainly never to hold a large surplus, but which has changed into one of the largest money-dealers in the world, and which at the present time holds in coin, idle, more than all the balance of every kind held by either individuals or corporations in the entire country, and our Secretary of the Treasury really holds absolute control over every dollar of this vast sum, and can, at his will, sell the gold which the Treasury has or buy more; whereas we all know our poor farmers, merchants, and planters are but too happy to get greenbacks or paper money of any kind and to pay from 1 to 2 per cent. per month for their use. It is a painful result from two of the leading financial measures of the Government of the United States—the subtreasury act and bank act of 1864—that the former has locked in the Treasury so large a surplus, (nearly \$100,000,000,) while the other has compelled the banks to hold as a reserve a similar amount, about one-fourth of the paper money issued by the Government. We must remedy these defects now by heeding the demands which a suffering population make, and blend, in an acceptable form, these two immense sums of money, and bring them into use in such form as shall meet the necessities of the age in which we live. I come to consider an objection which finds its utterances in the expressions that the great danger is that the Exchequer will of necessity pass into bad hands and become the engine of corrupt men. To this I answer that if great and honest and intelligent men cannot be found as capable of conducting such an institution as those who manage the Bank of England, or the banks on the continent of Europe, then we should no longer claim consideration as virtuous enough to prevent from wreck the most stupendous popular government now existing, and which stands as the hope of republican liberty throughout the world. I deem it the proper occasion to say I do not share in these forebodings, but believe that we have the men and the means to remodel our system of finance, and that we can devise measures that will give to this country a stable currency, obtainable for all legitimate business purposes at 6 per cent. and under, and that we can in time bring to the United States the commercial center of the world. The leading measure, the first step toward these great ends, you should now project by founding an institution, bottomed upon our resources, and which shall harmonize all the means of the people and the Government.

In Italy the banks existing in Tuscany, Naples, Sardinia, and Rome have been brought into one institution practically under the government of Victor Emanuel. The Bank Royal of Prussia, founded in 1765, now occupies a high financial position. The Bank of Vienna is still the governmental agency in Austria; and so in France and England with their banks. Now, the principles upon which these various banks are carried on, as well as the Bank of Constantinople, may vary in many minor particulars, but one purpose, one object, is apparent throughout all of these various institutions. It is this: These institutions are capable of facilitating the state, and of furnishing a currency for the business of the people which is equivalent to coin, upon better terms than many different institutions could do, and, besides, in hours of panic or distress or in war, the means of relief can be much more easily obtained through the agency of one such institution of ample means than from many; besides, if credit is to be used, then the single institution can unquestionably better serve the difficulties of the moment than many dispersed and divided banks. The senseless cry of "Monster" may be raised against the Exchequer, but the reply is but too obvious. What would you think of a commander who, having an army of men to transport to New York from Washington, should, for fear of an accident, select old-fashioned sulkies—wagons or carriages, even—and set out to accomplish the transportation by these, when, by using the railroads, with their ponderous engines, in a few hours the transfer could be accomplished with convenience? So let us in our currency, by blending the means of the Government with the capital of the country, create a currency, organize a financial system as far superior to our present system as the railroad, the iron river, is above those obsolete modes of transportation. The cry of "Monster!" why, have we not more than two thousand banks which are accounting regularly to your Comptroller, and is not the Secretary of the Treasury the Government itself—absolutely so placed by law as to be master of the financial proceedings of every bank and every merchant in the country? The Exchequer will of necessity act in harmony with the credit institutions now existing, strengthen and sustain them, and free us and our finances from detrimental complications

with foreign nations, and, instead of our whole system falling down before an adverse commercial current in Europe like a short harvest, we shall be enriched, as we should be, by these demands for our crops. We have a continent rich to an extent that is the wonder of the world. We are, however, so far as our currency is concerned, destitute of our own respect, even so inferior is our money in circulation. We have had peace for nearly nine years, and we are to-day passing out of a commercial tragedy not yet ended, I fear, which could not have occurred if one strong, conservative, and properly organized institution like the Exchequer had existed, and, indeed, the action of the several clearing-houses plainly declares that, without concentration of their means and credits in harmonious action with all of our banks, they would most probably have been forced into absolute suspension, if not into bankruptcy. True, the Government assisted in checking the violence of the tornado, but we cannot infer that men demanded bank-notes or legal-tenders for their deposits because of their high appreciation of that currency and their confidence in it. The occurrences all plainly show that the instincts of the people satisfied them that bank-notes or legal-tenders, for which the Government was responsible, were preferable to a credit for a deposit on the books of banks with small capitals, whether national or private; and this is all that these incidents establish. It is only what every creditor will do if he has sold a bill of goods to a man who is in difficulties; he will, if he can, take back his goods in preference to standing a creditor on the books of his debtor. In war, the general who scatters his forces is seldom, if ever, successful against an equal force, whereas he that concentrates his forces is almost in every instance victorious. The magnitude of the undertaking before us ought not to intimidate a legislator worthy his place in the Congress of the United States, but rather nerve him to fulfill his duty with honor and intelligence. The novel requirement in our system of banks for a reserve in the act of 1864, compelling city banks to keep one-fourth of the amount of their circulation and deposits out of use and 15 per cent. in towns, with the privilege of counting two-fifths of whatever sum the town banks held in city banks, was brought to a practical test in September and October; and if we had been employed years to perfect a regulation exactly improper and wrongly devised, we could not have projected anything so hurtful in the hours of panic and alarm, since, if the banks obeyed the law in cities, they were compelled to collect four dollars for each dollar of their deposits drawn out in legal-tenders after their reserves were reduced to 25 per cent. of their deposits, or when the holders of their notes brought in enough to run down their reserves on their circulation to the same point, and in towns six dollars were called for from the debtors when their reserves were brought down to the legal point. Can we be surprised, therefore, at the universal terror inspired by the failure of some large houses in New York and the partial suspension of the banks at that point? Now, overtrading is one thing. A superabundance of currency is entirely a different affair. Our disease is not too much currency, but a pernicious and unstable currency; besides this evil, we have overtrading and extravagance. The remedy is to bring our currency, our money, to a par with coin, and this can be done through the Exchequer, while the luxury and prodigality engendered by the uses to which the immense expenditures of the war contributed will cure themselves as soon as the real wealth of the country is properly absorbed in the business of the whole country, and not thrown into the whirlpool of stock speculations, which has been fed for years by the transfers of the means of the interior banks to the national banks and others in New York, and there used in call-loans on stocks, bonds, &c. It must be clear that something is radically wrong, however, and it is certainly our duty to endeavor to cure the disorder. Those who may endeavor to build up again with the materials of the present system will, I fear, find that there are too many defective timbers in the *débris* ever to rear a safe or valuable edifice; whereas by adopting the Exchequer we bring together materials which in other nations have been found invaluable, and with us, even in spite of our unsettled condition, the only things upon which we have had any semblance of reliance for safety. I mean, of course, the money-credit and confidence of the Government, wedded to the capital of the country, sheltering each other, and making common cause in times of peril and danger. Some modifications have presented themselves to my mind as proper in the bill, viz, to limit the amount which any officer, or any concern or corporation, of which he may be a member, may owe to say \$10,000, and the amount which may be discounted for any concern, individual, or corporation to say \$100,000, except upon obligations of the Government after the discounts of business paper with two acceptable names has reached the gross amount \$200,000,000 and the limit of advances on Government obligations as collaterals fixed at their face value and no more. I have deemed these provisions as removing the only plausible objection which will be against the practical operations of the bill. Of course the period of the existence of the Exchequer must be fixed, as well as the number of votes necessary to reject a piece of business paper offered for discount, as well as the rights of the individual proprietors as to the openness and publicity of the condition of the Exchequer, by frequent publications of the return of the whole institution. But of the propriety and wisdom of the measures suggested in the bill I entertain not a particle of doubt. I feel more confidence now than ever that the measure will be accepted by the country as eminently judicious.

There are some eminent men who have expressed the opinion that the use of gold and silver as money is a remnant of barbarism, and that we may judiciously dispense with their use. Such persons ignore the experience of all nations who have ever tried the experiment.

There are others who would discard all paper money and return to a metallic currency. These extreme opinions are equally objectionable; truth lies midway between them. A currency measured by the business of the country and converted into coin at the will of the holder, and issued by an institution of sufficient capital and respectability to give it the confidence of all with whom we have commercial relations, is the perfection of all we could desire; and thus the establishment of the Exchequer will furnish us a result which I think I have shown will not be obtained by the adoption of any of the propositions for converting bonds into currency or currency into bonds. If the bill for an Exchequer were now passed, within the year the entire subscriptions would be completed and paid up. The fractional currency now afloat could be retired out of the coin now in the Treasury, thus furnishing to the poor first, real money on the return toward a currency equal to coin. Legal-tenders to the extent of \$150,000,000 could pass out of existence, and \$200,000,000 of Exchequer-notes, equivalent to coin, would be lent to the people, as we could, with the establishment of the Exchequer, release the national banks from the restrictions now laid upon them, and thus bring them into the discount-markets with all their means unlocked, and the rates of interest would thus be reduced, and our industries and commerce, awaking from the stupor of uncertainty and doubt which now oppress them, would with vigor assume their wonted activity, while the credits of this country would take a position at home and abroad unknown in our history. The scenes enacted on our exchanges, where the spirit of wild and reckless speculation has for many years held periodical carnivals, would disappear before the steady operation of a well-adjusted system of finance. These are ends which every good citizen must desire. Besides, a worthy ambition and a just and laudable patriotism would be gratified by knowing that we possessed one of the best moneyed institutions in the world, with a larger capital than any now existing, and with the means of securing as high a position for our currency and credit in all commercial marts as that possessed by England, France, Prussia, or any other nation; and this great institution would be a bulwark which would successfully protect us from the effects of financial disturbances in Europe, which have heretofore exerted far too much influence upon our finances; and within the last few months we have witnessed a commercial tornado, originating primarily in a short harvest in Europe, and coming upon us at an unfortunate period of the year, which carried down our merchants and banks with almost as little warning as the thunderbolt shatters the oak.

And now, Mr. Chairman, may I not address you and your associates on this important committee, and, pointing to the honors earned by Sir Robert Peel and those who co-operated with him in 1819 and 1844 in dealing with similar subjects, request from you the exercise of your recognized abilities in bringing the nation back to cash payments through the agency of the Exchequer, by which we will secure good and cheap money? I have not exhausted the arguments in favor of the Exchequer, but I hope I have said enough to induce you to investigate its merits, believing that you will, as others have done, conclude that it should be adopted.

The capitals, loans, and circulations of the banks of England, France, Belgium, and Netherlands, as of June, 1873, were—

Bank of England, £14,553,000, say	\$72,765,000
France, 182,500,000 francs, £7,300,000, or	36,500,000
Belgium, as reported by Mr. McCulloch	6,000,000
Netherlands, as reported by Mr. McCulloch	5,500,000
Gross capitals	120,765,000

LOANS AND DISCOUNTS.

Government and other securities, Bank of England held, same date: Govern- ment, £13,398,934; other securities, £25,612,706; together, £39,011,640; converted into dollars, \$5 to the pound	\$195,011,640
France: Private loans, \$229,014,717; government, \$300,793,707	529,808,424
Belgium, £11,296,000, or	56,480,000
Netherlands, £9,390,000	46,950,000
Total, exclusive of bonds in issue department	828,250,064

CIRCULATIONS.

Notes issued, £34,871,685, (Bank of England,) or	\$174,358,425
France, £111,763,000, or	558,815,000
Belgium, £13,356,000, or	66,780,000
Netherlands, £14,277,000, or	71,385,000
Total	871,338,425

Loans to individuals, nearly four times their capitals; to governments and individuals, nearly seven times their capitals; and circulation of more than *seven times* their capitals.

The five chief European banks, operating under the countenance of their separate governments—the banks of England, France, Prussia, Belgium, and the Netherlands—show aggregate capitals of about \$350,000,000; discounts to individuals, \$725,000,000; government bonds and advances, \$400,000,000, and circulations at par of \$1,250,000,000; while our defective system of dispersed national banks shows, capitals, \$491,072,656; individual loans, \$944,220,116.34; government bonds, \$411,930,250; and circulation, \$339,081,799, at 11 per cent. discount of the day. If facts like these will not carry conviction to the minds of every man that our system must be pernicious, certainly, as regards circulation, no facts could; but in our own history we have, under badly organized banks of the United States—one in 1791 and then in 1816—moving under the countenance of the Government of the United States, had a convertible currency for forty years, and in forty-two years, operating under different systems, we have been in suspension for certainly one-third of the entire period. Ponder upon these facts carefully, and let your action be in accordance with tried principles, which the experience of the best-informed nations as well as our own has established as wise, beneficial, and serving all the best ends of commerce, agriculture, and sound national morality. The facts as to these great European banks were unknown to me till within a few weeks, although my time and attention had been much occupied for years with these and kindred questions; and when I had grouped the startling facts together, and ran the comparison between the system which we have and that which prevails with other nations, I was astounded. These foreign banks, with about \$335,000,000 of capitals, have a circulation at par with gold the world over of about \$1,250,000,000, or nearly four times their capitals. Our two thousand national banks, as by the Comptroller's statement, have \$490,000,000 and over, and a circulation of only \$340,000,000, or \$150,000,000 *less even than their capitals, at a discount below gold* of 11 per cent., and every day changing. These European banks lend to individuals and governments nearly four times their capitals. Ours lend less than three times their capitals, while our banks lend less than twice their capitals to individuals. May I not assert, without the fear of any contradiction from the people or their representatives, that our great want is accommodation in the shape of loans or discounts; and, if so, then that system by which other nations have secured such beneficial results we ought to adopt, as, by uniting the means and credits of their governments with the capital of the countries in one national banking institution, they have furnished their people with money equivalent to coin at less than half the rates of interest current in a very large portion of the United States. More money, which can be lent the people, is for us a capital necessity, and that which we do borrow at such high rates of interest surely ought to be equivalent to coin. The question before us is not contraction or expansion; it is how we can increase the *loanable means* of the country, thereby reducing the rates of interest and safely make our currency equivalent to coin and world-wide in its usefulness.

It requires of the sun more than two hundred minutes—three and one-half hours—to look upon the face of the United States of America, and twenty degrees of latitude to measure them. Shall we compel our merchants and people to go to an Englishman (the citizen of a little island more than three thousand miles from us, not so large as some of our States) to get their money or credit before they can enter the marts of any foreign country? Such is the case even at Havana, within sight of our shores. Is not such a state of things a shame? I hope I have shown the way by which this state of affairs may be changed. The notes and credits of the Bank of the United States, from 1816 to 1836, did circulate at par with coin at home and abroad, as the late cashier, Mr. Samuel Jourdan, affirms, and within a week I have seen the man who canceled the notes of this bank, and he tells me they had upon them the stamps and the hieroglyphy of the Chinese and every nation with which we had commercial intercourse. If such were the results from the action of Congress in 1816, with our limited resources blended in one national institution, surely we can now, by using the same principles, accomplish like results. I beg to exhibit one £5 note, Bank of England, a five-franc note, Bank of France, and a ten-thaler note, Bank of Prussia, and for all of which I paid a premium over gold in New York. And I also exhibit one \$5 legal-tender, and one \$5 national-bank note, worth in coin in New York \$4.45, and in England \$4.25. Surely we can remedy these things by the establishment of the Exchequer or some such institution, and in no other way, as I affirm and believe.

Mr. CHAIRMAN. If I understand you correctly, you assume in the course of your argument that the only basis of sound banking is coin.

Mr. LONDON. I think the statement is that the only true reliance for paper money is, in the last resort, coin.

The CHAIRMAN. I find, in looking over the charter of the Bank of England, that the sum of £14,000,000 is to be deposited as security. Now, what does this £14,000,000 rest upon, excepting the debt due by the government of Great Britain?

Mr. LONDON. The capital of the bank is £14,000,000. The original amount of bonds was three-quarters and the balance other securities. The bank was organized in 1694. During the Napoleonic wars it had issued money, and in 1819 Robert Peel raised the celebrated bullion committee. The bank said, "We are ready to resume when the government is ready to resume;" and they did resume.

The CHAIRMAN. What is the difference in principle between notes issued by the Bank of England and notes issued by our national banks, predicated upon the bonded debt of the government?

Mr. LONDON. Practically they have the same quality in this respect: A bank-note is the evidence of a debt due from the bank. The operation we call discount is simply a swapping of credits. But, in addition to that, our bank-notes are the evidence of Government bonds in the hands of the Government at the rate of 90 cents upon the dollar, so that practically our bank-notes have to-day for each dollar that is in circulation an equivalent of more than \$2 in coin. The note of the Bank of England is issued upon the same principle, and we borrowed that principle from them.

The CHAIRMAN. Is it not a fact that to-day the currency of the Bank of England is subject to a great deal of criticism in England, and that a great many maintain that it is a vicious system of circulation?

Mr. LONDON. If you can find a member of Parliament who will propose in the House of Commons or House of Lords to repeal the charter of the Bank of England, I should begin to think there was some indication of altering their system. Still, it is true that there are differences of opinion; but we must recollect that is the commercial center of the world. But when men talk of repealing the monetary system of Great Britain, they might as well talk of pulling down the throne.

NEW YORK, February 11, 1874.

DEAR SIR: I send by this mail to your address, for your stenographer, copy of my argument before your committee, which contains the table, as nearly as I can restate it, as to the foreign banks, and which should be printed as this copy now sent which occurs on the last page. (The capitals, loans, and circulation of the banks of England, France, Belgium, and the Netherlands, as of June, 1873, were:

Bank—	Capital.	Loans to gov- ernment.	Loans to in- dividuals.	Circulation.
Of England £14, 553, 000, say.....	\$72, 265, 000	*\$66, 994, 670	\$128, 063, 530	\$174, 358, 425
France, francs, 182, 500, 000. £7, 300, 000.....	36, 500, 000	300, 793, 707	229, 014, 717	558, 815, 000
Belgium, as reported by McCulloch.....	6, 000, 000	.....	56, 480, 000	66, 780, 000
The Netherlands, as reported by McCulloch.....	5, 500, 000	.....	46, 950, 000	71, 385, 425
			460, 508, 247	
Government loans.....	.....	.....	367, 768, 377	
	120, 765, 000	.....	828, 276, 624	871, 338, 850

* Exclusive of bonds held by issue department.

Loans to individuals, nearly four times their capitals; to governments and individuals, nearly seven times their capitals; and a circulation of more than seven times their capitals.

In the course of your questions as to the fact that the Bank of England notes were really issued to the extent of its capital or government bonds—and you wished to know why circulating-notes, if issued directly by the government, would not have been just as good—I was stopped, as you recollect, by Mr. Mitchell's introduction of Mr. Buell. The issue of government paper-money has been long discarded in England, because it would have its *efflux in payment of a debt*; and you will recollect, on pages 60 to 70, Fullarton states that all the European governments that resorted to the issue of *assignats* lost them entirely; whereas the issues of the Bank of England to conduct the Napoleonic wars *were all paid*; and to show you *how determined* Sir Robert Peel was to *eradicate entirely* all such absurdities—and he was England's greatest statesman for this century—he not only made it a necessity that the *issue department* should be totally and forever separated from the office of banking, but thus positively put by what *could not* come into use, the capital of the bank, in government bonds. In the Exchequer we surpass him at this point by putting by the capital, three-quarters in government bonds and one-quarter in coin. True, we allow the same proportion above the capital, whereas he required *all* coin for notes issued above the capital. But our country is an agricultural one, and can and does use more bank-notes than if we were a manufacturing and commercial people. The present unequal distribution of banking capital may be remedied by the award of the capital of the Exchequer. The Valley of the Mississippi, including Cincinnati, should get about \$50,000,000 more loanable means than they now have; Memphis from \$6,000,000 to \$8,000,000—considerations which ought to be thought of by all who are interested in the West and South.

With regard and good wishes, I am, yours,

D. H. LONDON.

Hon. HORACE MAYNARD,

Chairman Committee Currency and Banking, Washington City, D. C.

WASHINGTON, D. C., *February 11, 1874.*

GEORGE W. ALLEN, manufacturer, of Milwaukee, Wis., appeared before the committee, on their invitation, and made the following statement:

I did not come to the city of Washington with any intention or expectation of appearing before the committee. I am a manufacturer of leather, and upon the subject of finance and currency, as a matter of course, I have been interested, as a manufacturer, for thirty-two years. I may, perhaps, be called a rather extensive manufacturer in the line in which I am engaged, and my business, as other branches of business in the country, depends largely upon the condition of the currency of the country. For this reason I have given the subject a good deal of attention, although I am not an expert on finance. I am simply one of the common business, floating population, with general ideas upon this subject. I may state frankly, in the first place, that my views are opposed to any expansion of the currency. We have a certain amount of business in this country to carry on, for which currency is needed, to move a certain number of barrels of corn or wheat, dry goods, and other merchandise.

I will not put the amount in dollars. Nothing but the currency of the country can facilitate these business operations. The amount which will be required for this amount of business depends not alone upon the volume of currency, but also upon the value of the currency itself in its purchasing power. And here is a fact which we do not generally bear in mind. At the close of the war it is well known the currency of the country was very largely inflated, and prices, as a matter of course, were very largely enhanced. That was owing both to the taxes placed upon almost every commodity and to the depreciation of the currency. Since that time we have gone on shrinking in these values toward the gold standard. Gold has gone down from 250 or 280 to 10 or 12 at the present day. But the values of commodities remain to-day enhanced 25 per cent., while gold is at 10 or 12 per cent. premium. In other words, the values have not gone down corresponding with the price of gold; consequently the amount of currency required is increased in a very great degree, because the prices of commodities have not gone down. For instance, in my own business our largest article of manufacture is hemlock sole-leather, the price of which is now from 30 to 32 cents, while before the war it was from 20 to 22 cents. So with the other articles of manufacture.

Mr. FARWELL. Has not the demand largely increased since the war, and does not that cut some figure in these prices?

Mr. ALLEN. No, sir; I think not. For several years we had a large surplus in this country. The demand was not equal to the production and the prices remained stationary. They did not give way at all. Now, I take it that this process of shrinking ought to go on further. I think we must get nearer to our pre-war prices; not that prices should ever get back to the exact point where they stood before the war, but they must go down further than they have done. We business men of course dislike to have our goods to shrink upon our hands, but it has got to come, and may as well come now as at any other time.

We may say there is not currency enough in the country to meet the requirements of the business of the country. To meet this difficulty two remedies are suggested. One is to have prices shrink further, and thereby require a less volume of currency to transact the same amount of business, having the same effect in that regard as increasing the volume of the currency.

Mr. RANDALL. Is that shrinking you speak of going on now?

Mr. ALLEN. I think it is going on every day.

Mr. RANDALL. Then the present volume of the currency is becoming more and more sufficient for the transaction of business?

Mr. ALLEN. Yes. In other words, the amount of currency for the transaction of business has been increasing every year since the close of the war by a corresponding reduction of prices. I say that one remedy is to allow prices to go on shrinking until they shall correspond with our normal condition, and that is my preference. The other remedy is to increase the volume of currency in order to meet the requirements of business. But I think we, as business men, defeat our own purpose by advocating such a policy. I have stated that while gold is to-day at 10 or 12 premium, prices remain 20 to 25 per cent. above where they were when our currency corresponded to that of gold. In other words, if you advance currency 10 per cent., you advance prices 15 per cent. beyond. That is inevitable under the operation of laws of finance well understood in the business of the country.

The CHAIRMAN. If you brought your currency to a specie basis, would that bring prices down 25 per cent.?

Mr. ALLEN. I think they would gradually come down until that point had been reached.

The CHAIRMAN. And when they touched bottom you think that would be 25 per cent. below where they are now?

Mr. ALLEN. I cannot state the absolute percentage. I cannot speak so definitely now in regard to agricultural products, but I can say that merchandise generally bears a rate of 25 per cent. above the rate before the war. The result of such a shrinkage would be that we should have more currency for actual use than we have now, because if you increase the value of the currency 10 per cent., you thereby reduce prices and increase the volume of currency for actual use; while if you increase the volume of currency, you enhance prices 15 or 20 per cent. beyond; and when the increase of currency gets into the busi-

ness of the country and becomes assimilated, you really have 5 to 10 per cent. of currency less, in proportion to the wants of the business of the country, than you had before. Now, it is claimed that we must have a further increase of currency because the business of the country is so much enlarged. It has not been enlarged at all. If you were to go on increasing the volume of currency and increasing the prices at a correspondingly enhanced rate, after awhile you would not have any currency at all. In other words, it would become valueless and powerless to move the crops of the country.

Mr. FARWELL. In Germany, since the late war, prices have advanced very largely, more than in this country. That has been under a gold basis. Can you explain that fact under your theory?

Mr. ALLEN. The emigration from Germany to this country has been very large. Then, again, the war destroyed a great many men, and they have been very short of labor in Germany, enhancing of course the price of labor. While I was in Berlin during the last season, seeing a number of brick buildings going up, I inquired the wages paid to the mechanics, and learned that it was as high as three dollars and a half a day in greenbacks, and this high price was obtained because of the scarcity of labor.

The CHAIRMAN. Are there not some people of your acquaintance who attribute all commercial and financial disturbances to the disturbed condition of the currency, and who make no allowances for any other disturbing causes?

Mr. ALLEN. It is possible there are men who think so. We know that the disturbances in our financial matters occurred because of the war, and that they continue because we have not yet recovered. There are of course a great many intelligent men who entertain the idea that an increase of the volume of the currency would remedy the difficulty. But it is just like a man who is drunk, (we have been drunk upon paper during the war.) A man, when he has the *delirium tremens*, does not think anything will relieve him but brandy, and his whole cry is "Brandy, brandy." And so with us; when we get apparently short of currency, our cry is for more currency, and we think that is the only thing which will relieve us.

The CHAIRMAN. Do you think the people of Germany are drunk on gold?

Mr. ALLEN. No. I speak now of our own country.

Mr. MITCHELL. Does not the condition of affairs in Germany show that high prices are quite consistent with the maintenance of the specie standard?

Mr. ALLEN. Certainly.

Mr. FARWELL. You have not yet made it quite clear why it is when gold is 10 per cent. premium that the prices of commodities are 25. I have had the impression that the measure of inflation is the difference between the price of gold and the price of currency.

Mr. ALLEN. The experience of every business man shows the truth of what I have been stating. You, gentlemen, know that perfectly well, whenever you buy a hat or a pair of boots. Before the war I could buy a good hat for \$3 which now costs \$5, and so with every other article or merchandise.

Mr. FARWELL. Take, for instance, our imports of coffee and tea. There is no duty on them, and they are purchased with gold. Does not the increased business of the country account for the difference in the price of these articles?

Mr. ALLEN. I will explain myself in this way: Whenever you have a plethoric currency you also have high prices. That has been my experience for the thirty-two years I have been in business. That was true in 1857, and was the cause of the revulsion of 1857; and revulsion has been the result of every inflation that has ever taken place.

The CHAIRMAN. That in 1857 was a revulsion under the gold basis, however?

Mr. ALLEN. It was on a gold basis, and will be so upon any basis where inflation takes place.

Mr. RANDALL. Was it true during the war, when gold was at 250 and 280, that the price of the goods you manufactured was relatively enhanced?

Mr. ALLEN. Not at all. And that is an illustration of the fact that the law of prices does not always follow the increase or decrease of the volume of currency.

Mr. FARWELL. You say that during the war as the volume of currency was increased prices advanced. The volume of currency was increased, until, it has been said, it at one time amounted in its various descriptions to nineteen hundred millions. Now, when Richmond fell the volume of currency was not for some time materially reduced, but the commodities in your trade as well as mine decreased in prices 50 or 75 per cent. How do you explain that fact?

Mr. ALLEN. There are a great many causes which combine to produce these results. I am only explaining the inevitable effect of the expansion or contraction of the currency, and I am not combining with that these other causes which have the effect to produce sometimes quite different results. Living as we do in the Northwest, while this apparent want of currency was upon us to such an extent during the late autumn, I conversed freely with the intelligent business men of my city and State as to what they believed to be the proper remedy, and was surprised to find among our more intelligent manufacturers and merchants not a single one who proposed inflation of the currency as the remedy. They ascribed the panic to other causes. The fact is we have panics, and break down, and will have them as long as the world exists, for anything I know, because business men will subvert the laws of finance and trade by wild speculations, until they bring on a revulsion and all of us have to succumb.

The CHAIRMAN. You mean to say that we plain, honest people in the country, moving along in our ordinary course, have no remedy for these disasters?

Mr. ALLEN. That is about it. I think you have to come in with the rest of the human family and take the consequences. I was stating that the prevailing sentiment among the business men in my own city and State is that the remedy cannot be found in an extension of the currency; but the opinion prevails that our September and October difficulties did not occur for want of currency, but rather in consequence of the plethora of currency resulting in wild speculations.

The CHAIRMAN. Was there not a stringency in the money-market the year before and the year before that?

Mr. ALLEN. Yes, because of lock-ups of the currency and from various reasons. Such things will occur from time to time.

The CHAIRMAN. Do you think we can have a superfluity of currency when some unscrupulous man can get hold of five or six millions and throw the whole business of the country into disorder by locking it up?

Mr. ALLEN. I have no doubt that if one hundred millions more had been in circulation during the late panic the same thing would have occurred. I had it from the president of the Park Bank of New York, that when the President and Secretary of the Treasury put into circulation a portion of the forty-four million reserve no effect whatever was produced, and in the opinion of this gentleman the cause of the breakdown was not because there was a lack of currency at all.

The CHAIRMAN. Suppose it had been known that money could have been obtained in an unlimited amount for satisfactory security: do you think there would have been any panic?

Mr. ALLEN. I do not know about that. A great many men were hard up at that time and could not get what they wanted. I presume there would have been no panic if the failure of a few men had not produced it. I think the difficulty Jay Cooke and others got into was caused by a plethora of currency, which they put out in all sorts of speculations, in moonshine railroads and everything else, because it could not be so profitably used in legitimate business, and then when the money was wanted to move the crops, it could not be obtained, because it had gone beyond their control.

The CHAIRMAN. How do you account for the fact that during the panic money was not accessible even by business men of the highest credit, and who had the best securities to give for it?

Mr. ALLEN. Everybody was panic-stricken, and put the money into their own pockets, because it was better security than anything else.

The CHAIRMAN. Then if the business men of the country had known that an unlimited supply of money could be obtained upon good security, do you think the trouble would have occurred?

Mr. ALLEN. If the supply of money had been without limit, it would not have been good for much.

The CHAIRMAN. Do you think men would give security for more money than they could use for their business purposes?

Mr. ALLEN. Of course not; but if you make money so plenty that it can be obtained for any use for which it is wanted in the country, it will have very little value. I always apprehend the danger of too much currency.

Mr. MITCHELL. Do you not regard it as an evidence that there is too much currency when it is at a discount?

Mr. ALLEN. Always.

Mr. MITCHELL. And whether the premium on gold is 10, 20, 30, 40, or 50 per cent., it is a test of whether there is too much currency or not?

Mr. ALLEN. Exactly.

The CHAIRMAN. It is stated that before the war, in the State of Indiana, gold was at a discount of from $\frac{1}{2}$ to 1 per cent., as compared with the notes of the State Bank of Indiana. How do you account for that?

Mr. ALLEN. That was merely because of the inconvenience, I suppose, of using gold as currency.

Mr. FARWELL. I understand you to say that you are not in favor of extension of the currency. What would you suggest on the subject of currency at this time?

Mr. ALLEN. I am a conservative, and am afraid of changes which will disturb the business relations of the country. For that reason I do not want anything violent or radical done. I do not want a contraction of the currency nor an expansion at the present time. But that a difficulty exists and some remedy is needed we all agree. There is one suggestion in connection with the present banking system I will venture upon, which, it seems to me, would afford some relief to the business of the South and West, and prevent the speculation which has occurred in the large cities in consequence of too much money in the last dozen years. I refer to the practice of keeping deposits of the country banks in New York City and of paying interest upon them. The result is that when currency becomes plenty in the summer, while the country banks want it just as much as the city banks do, it comes into New York City in such amounts that they do not know what to do with it, and it therefore goes into schemes of the wildest speculation in order to use the money profitably. But in regard to the proposed requirement that the country banks shall keep their deposits in their

own vaults, there may be one difficulty. I was told the other day, by the president of the bank in Walworth County, Wisconsin, that the funds in every bank in the county except his own had been scooped out by armed men, and that twenty men could come into the village of Delavan, where his own bank is located, kill his cashier, take the funds of the bank, and the people of the village would be helpless to prevent it. I asked him if it would not be a remedy if the deposits were retained in the larger western cities; to which he replied, "O, yes; we send our surplus to Milwaukee and Chicago, where they are within a few hours' call."

The CHAIRMAN. I understand you to say that the fact of currency being at a discount as compared with gold is an indication that there is too much of it. Would it not be true that the existence of two currencies, one of which is valuable for two and the other for three purposes, would make a difference in the values of the currencies? In other words, as long as you have gold which will pay duties on imports while currency will not, will not the gold be most valuable, and does not that account for a large portion of the margin between the two?

Mr. ALLEN. A great many causes enter into our business relations which are independent of the abstract laws of finance, and it makes it difficult to determine absolutely the cause from the effect in any given instance. In 1857, when paper was so depreciated that for a small amount of gold you could get a very large amount of it, the panic was not the result of too little currency; and so I say there are a good many things which enter into these business relations which combine to effect the result.

WASHINGTON, January 13, 1874.

ABIEL ABBOT LOW appeared before the committee, and was examined as follows:

The CHAIRMAN. Please state your residence and business.

Mr. LOW. I reside in Brooklyn, N. Y.; my business is with China, and has been for thirty years.

The CHAIRMAN. Are there, in your opinion, any defects in our present banking system? If so, please state what you consider them to be, and how they may be remedied.

Mr. LOW. The grand defect of the system is that it is based upon paper rather than upon coin. The banking system has always seemed to me to be a good one. I am not so conversant with its working as to claim to be an expert with regard to it. Its principal features, I think, are well approved by business men. I think it is satisfactory to business men in general. At the moment I should not know what improvement to suggest in the banking system.

The Chairman, by another question, threw open the whole subject of finance.

Mr. LOW. Your general question is so comprehensive that I hardly know where to begin or where to end. It is, perhaps, one of the imperfections of the banking system that it limits the rate of interest in New York to 7 per cent. I think if such a law as governs the Bank of England in this respect were adopted, and the banks were allowed to take a higher rate of interest when money is scarce, as they are compelled to take a lower rate when it is plenty, this would afford a check upon any tendency to inflation. My own belief is that the prosperity of the country and the true interests of the country demand that some steps should be taken early to restore the country to specie payment. During the last few months we have been going backward rather than forward. From 1865 to 1868 there was a reduction in the amount of paper-money. Within a few months the legal-tenders then withdrawn have been returned in part to the circulation again; so that we are worse off than we were five years ago. The evil effect of this is that at home and abroad this re-issue by the Treasury Department is construed into a disposition to inflate, and necessarily the belief extends abroad, as well as at home, that there will be further inflation, and those who have money here, owned in other countries, will be inclined to withdraw it. I dare say, as a matter of fact, since the panic which occurred in September, a good many stocks have been sent here from Europe for sale, and the proceeds have been withdrawn from the country, because of the general belief that a further inflation is to occur.

It is very well understood that the foreign indebtedness of the country is large. No inconsiderable part of it is the indebtedness of our railroad corporations, much of which is payable in gold, and the consequence is that a very large amount of interest is payable by these corporations in gold, whose earnings are not changed in consequence of fluctuations in coin, whose rates of freight and fare are fixed, and it matters very much to them whether a dollar of receipt will pay a dollar of indebtedness abroad or not. The inconveniences of the system of course are very great. We are compelled to do business in two currencies, and often without knowing at what cost for gold we are to liquidate for goods sold in currency. Gold varies day by day and week by week. Goods brought here from abroad are generally paid for by bills on England, drawn from at four to six months' time. On arrival they are sometimes salable for gold, and sometimes for currency; for instance, tea and silk from China. Silk is sold almost universally for currency; teas generally for gold, both being fixed for with

bills drawn at six months' sight on England. If the price of the silk is fixed to-day in paper, according to the value of gold, when the remittance is made to cover some months hence, gold may be worth 10 or 20 per cent. more; so that, the price of silk being based upon the present rates of gold, there is a loss of the difference; or else, having paid 2 per cent. for credit in England, we remit as soon as the goods are sold, and no material benefit is derived from the six months' credit. These fluctuations are constant, and are severely felt by persons doing business with foreign countries.

Then, again, the loss in other ways is very great. All our local bonds, of State and city, are sold at prices which are lower, I think, in currency, than the prices which obtained before the war in gold or currency based upon gold. They are bought by the Germans and other foreigners at 12, 15, or 20 per cent. below the prices they formerly brought, because of the premium on gold realized in drawing upon their own countries in payment.

Then, again, if we are ever to entertain the idea of a return to specie payments, all these bonds will have to be remitted for in gold. I do not mean to say that interest on our local bonds will have to be paid in gold, but the principal will have to be so paid if we return to specie payments. My impression is that our country is parting with bonds in this way at the rate of \$100,000,000 to \$150,000,000 a year, and if we are to return to specie payments, it will be found to be a rather expensive system.

As I said before, our railroad interest is a very large one, and the earnings of our roads are to a great extent fixed. In my own State they are to some extent limited by law, and consequently, in remitting gold, the premium paid operates as a tax upon their earnings, instead of a dollar of earnings meeting a dollar of interest.

Another of the evil results of this condition of things is that gold is the constant subject of speculation. I have been informed that awhile ago the gold required to liquidate custom-house duties for a specified time was \$13,000,000, while the amount actually sold at the gold-exchange reached \$1,800,000,000. It has been the policy of the Government to keep a large amount of gold in the Treasury, and therefore there is but little accessible for the uses of commerce. The needs of gold in the transaction of business are very many. Gold is needed in the payment of all goods purchased abroad. The Treasury retains nearly all, and the small amount remaining is controlled, to a great extent, by those who speculate upon the needs of the commercial community. Until there is some method of relaxing the hold upon the gold, and placing it at the command of those who require it for the purposes of commerce, of course it will be kept at a premium, and the premium will not be invariably in proportion to the supply and the natural demand, because the speculator comes in and exaggerates the demand and forces up the price.

One of the popular theories on the part of those who desire to return to specie payments is that, in order to prepare for such resumption, a large amount of gold should be permitted to accumulate in the Treasury; another is to compel the banks to retain the gold received for interest upon their bonds. Now I would like to ask those who entertain such ideas where the merchant, in the mean time, is to get the gold to pay his duties and to pay for his purchases abroad?

Mr. MERRIAM. The general reply to this is that the merchant must send to Europe and buy it.

Mr. HAWLEY. Is not another reply that the Government should send to Europe and buy it to pay its own obligations with?

Mr. LOW. I believe that would be the proper way. I think, instead of accumulating in the Treasury all the gold there is in the country, or requiring the banks to retain all they receive for their interest, that the true method would be for the Government to obtain the gold to meet future needs from abroad.

Let the Government negotiate for a supply of gold to be placed on deposit in the Bank of England or somewhere else, and make it useful in redeeming our legal-tender notes. I have never believed it necessary to retain so much on hand in order to redeem the legal-tenders, as many people do. The legal-tender notes are in circulation; they are not in the banks. Many persons believe that, if the Government should declare its intention to redeem its currency, say in January, 1875, as has been proposed, that the tendency of things will be to prepare the country for that result. We have seen the premium on gold fluctuate from 20 to 10 per cent. without any great inconvenience to the trade of the country, and I know of no reason why it may not go from 10 per cent. to par with small inconvenience. I do not sympathize entirely with Mr. Merriam's view in regard to the bill introduced by him, although, in certain quarters, I am aware the suggestion of making a deposit of 5 per cent. in the Treasury for the redemption of United States notes is well received; but I have never seen the unwisdom of requiring a reserve of 15 or 20 per cent. by the banks. It has been seen that neither the law of prudence nor the statute of Congress has been sufficient to keep the banks under the restraint imposed upon them.

It seems to me that if these restrictions were removed, the whole mass of securities in Wall street would assume the character of currency, because, if there was no restraint upon the banks, the prices would be carried up by speculation and the loans thereon would be in proportion to the market value. It is a fallacy to say that money is absorbed by the high price of stocks. The truth is that money is made abundant by the high price of securities. For instance, if a hundred shares of Central Railroad stock are worth \$100,000, a bank in

New York will lend upon them \$80,000, or 80 per cent. of the value thereof; and there is so much money created by the loan; but if the same stocks are advanced by speculation to the value of \$150,000 instead of \$80,000, \$120,000 can be had on them; so that the difference between \$80,000 and \$120,000 becomes an increase of available money. On the contrary, if these stocks fall in value, in apprehension of a panic, the supply of money will steadily decrease, inasmuch as the amount obtained from the hundred shares, instead of being \$120,000, will fall off \$40,000 more or less, and the owner will be called upon to make up any deficiency consequent upon the depreciation of his stocks.

It seems to me, therefore, that it would be unwise to diminish the restriction upon the indebtedness of our banking institutions. On the other hand, I wish it were larger, and that the banks were required to redeem at home.

The CHAIRMAN. Let me inquire whether you would suggest any change in the character of the currency or in the amount of it. I speak of the currency as it now exists.

Mr. LOW. Under certain conditions I see no objections to what is called free banking or to increasing the number of banks in accordance with the terms and conditions of the banking law as to redemption. I think our currency, or what we call currency, viz, national-bank notes and legal-tenders, has been fully occupied, when the country has been in a condition of prosperity, viz, for several years past. I do not see myself that danger comes so much from the volume of currency as from bank expansion, and that bank expansion, I think, would be increased without legal restriction; because, as I have said, *with* the legal restrictions we have seen our banks all the time falling below the requirements of law as to their reserve. The national banking law, in supplanting other local systems, has given us a currency of uniform value throughout the Union. What is needed to perfect its usefulness is the equalization in value of United States notes, national-bank notes, and gold by means of the redemption of the first by the Treasury Department. The operations of commerce would be greatly facilitated by so important a step. As I have said before, the amount of gold available for the purposes of commerce is inadequate, and, being so limited, is subject to unceasing speculation. Tried by the value of foreign merchandise for some months past, it has not been worth any premium at all. For a year past some of the great staples of import have been selling for less money in currency than they cost in gold. There is scarcely an article in the China trade which, during all this time, has returned its cost. On the contrary, the loss on tea has been such as was never known before. On the stock held July 1, 1872, and the subsequent import, it cannot have fallen short of \$10,000,000. The immediate cause of this heavy loss was the taking off of the duty of 15 cents per pound. A speculation inaugurated at home was followed by an advance in China; so that the Chinese got the advantage of the repeal of the duty, and the American merchant lost it.

Mr. MERRIAM. In your opinion, if we should restore the tax upon tea, would the price continue as low as now to the merchant and consumer?

Mr. LOW. It would not be as cheap to the consumer, but we should not pay 15 cents a pound more than its worth to the Chinese, as we had to last year.

Mr. HAWLEY. Do you think the price would go down again in China by the full amount of the duty, or would it be shared?

Mr. LOW. I do not think it would go down to the full amount of the duty. The Chinese are too smart for the foreign buyers. They band together as one man to sustain the value of their great commodity. Under all the influences of our recent panic it has not been possible to bring down the price of tea very much in China. The first effect of the repeal of the duty was to send an increased supply of tea to this country, so that we now have and are likely to have an excess on hand.

The CHAIRMAN. You have already spoken of returning to a specie basis. Please tell us when, in your opinion, you would make that change, the reason you may have for the change, and how it should be made.

Mr. LOW. I do not know what the feeling may be here; but in New York the great trouble attending a return to specie payments lies in the indisposition of the people. It has always seemed to me an easy thing to regain the lost ground by retracing our steps. If a small part of the duties on imports were collected in legal-tenders and these were canceled when so received, the process would be simple and sure. A single step taken in that direction would produce a better public sentiment; but while inflation is in the mind of everybody, demoralization is the consequence. When a return to specie payment is the recognized policy of Congress, persons having money in the country will leave it here for a better time, as they now withdraw it, in constant apprehension of something worse. If foreigners who have money here think gold will advance to 15 or 20 per cent., (and such is the general feeling,) they will have their money remitted when gold is at 12 per cent. and not wait until it may cost them 15 or 20. The very expectation of further inflation produces demoralization, and an inevitable tendency downwards. From what I am told of the action of the House yesterday, it is probable gold will be higher in New York to-day.

Mr. FARWELL. I understand you to suggest, as the only mode of resumption, the gradual withdrawal of greenbacks.

Mr. LOW. I think that would be one important step.

Mr. FARWELL. Will you state what, in your judgment, after the fall of gold some time in

September last, was the cause of locking up of greenbacks and national-bank notes all over the country?

Mr. LOW. The locking up was doubtless caused by panic. To return to the subject of gold, permit me to say that, when I left home, it was costing 7 per cent. to carry gold, the lender receiving the equivalent in currency and paying 1 per cent. to have it carried for sixty days. If the Committee on Banking and Currency would prohibit the banks from loaning money on gold, there would be less depreciation in greenbacks, or the difference between gold and greenbacks would become less than it now is. It would discourage the speculator in gold and lessen the fluctuations. Our banks are accustomed to loan money on gold, and the gold is counted as a part of their legal reserve; so that, while the requirement of the law as to a reserve is apparently fulfilled, it is virtually evaded, and by means of these loans speculators are enabled to keep up the price of gold.

Mr. MITCHELL. As the price now is it requires money to carry gold, the same as any other commodity.

Mr. LOW. Yes, and it costs money to handle it. In answer to Mr. Farwell's question, when gold commences to fall it becomes a common belief that it is going lower, and when it is rising the belief becomes as general that it is going higher. In the late panic, owing to the locking up, money was very scarce. It was not readily available for the purchase of gold or to assist in carrying it. The consequence was that gold, like other things, was forced down in price. There was not money enough in circulation to meet the necessary wants of the community. Gold went down because those who held it were obliged to sell.

Mr. FARWELL. Was it not true that, during the month of September, from \$8,000,000 to \$12,000,000 of gold came from the other side, a condition of affairs that has not existed in this country for twelve years?

Mr. LOW. That was true; but the low price of gold did not bring it here. It was brought here because exchange on England was unnaturally low, so that it afforded a profit of 5 or 6 per cent. to bring gold here and remit in bills of exchange. It was very difficult to sell exchange, and for that reason the money may have been sent by parties in Europe to correspondents in New York for the purchase of exchange, and it may have been sent for the purchase of breadstuffs and cotton, because it was better to send it than to pay with exchange.

Mr. FARWELL. Suppose that condition of things should continue, and we should get \$2,000,000 of gold per week more than we sent out. If that should occur, do you suppose the reduction of the paper circulation of the country would cut no figure in specie resumption?

Mr. LOW. In the first place, I do not believe there is any possibility or probability of any such state of things occurring, because no such event has occurred in the past, except for a very brief period.

Mr. FARWELL. Suppose, on the other hand, that \$2,000,000 goes out of the country more than comes in; how long could we continue specie payments on any basis?

Mr. LOW. With such an export, I think it would be very difficult.

Mr. FARWELL. Would not a suspension inevitably occur if the result I have suggested, of sending out of the country \$2,000,000 a week more than comes in, should follow?

Mr. LOW. Of course we could not continue specie payments with such a balance of trade against us; but if the Government would fix the period at which the redeeming of legal-tender notes should occur, I think the importations and prices of merchandise would be accommodated to that condition of things. I believe the country would diminish its importations. Then, if the banks were permitted to charge such a rate of interest as would put a check upon imports, I believe we could get along without any disaster coming upon us. We are certainly an extravagant people. We have run in debt very largely, and we are going on increasing all the time. We are not improving.

Mr. FARWELL. What I would like to get from you is some opinion which would enable the committee to prepare a bill such as would regulate the matter of the currency properly.

Mr. LOW. I of course cannot say that if the Government should declare its intention to redeem the legal-tenders on the 1st of January next the measure would be attended with certain success. I do not suppose any man can say that. If the difficulty comes from the too great abundance of paper money, then I say the remedy is to lessen the quantity. By taking a part of the duties upon imports in greenbacks, and such a part as would not interfere with the payment of interest on the public debt, or the other requirements of the Government, and the cancellation of that part, you would be getting back, by a slow but certain process, to an amount of paper which the Government could undertake to redeem. I do not believe the process of redemption is so difficult as it is generally held to be. The balance of trade has till lately been running uniformly against us; and my opinion is that we have been reducing the amount of gold held in the country steadily until the present year. The export of *coin* recently has been arrested, and the balance of trade is in our favor, and apparently not soon to turn against us. Those who claim to know state that we are producing at the rate of sixty or seventy millions of bullion annually; and, with such a production of the precious metals, under favorable conditions, there should be no lack of recuperative power.

Mr. FARWELL. Do you believe that specie payments can be continued so long as the balance of trade is fifty millions or more a year against us?

Mr. LOW. I should say not, unless we produce more than that amount of the precious metals. But I am confident that our Government could enter upon specie payment successfully without any such disastrous result; that it could have been done, that it can be done, as I have already stated, by negotiating a loan abroad, and by meeting any deficit that might occur in consequence of resumption by drafts upon England.

Mr. FARWELL. Is not that putting off the evil day? What I want is to put our legislation in such shape as shall remedy the evil and not simply postpone it.

Mr. LOW. It would be substituting the payment, at a fixed time, of what we have promised to pay on demand, but do not pay; and it seems to me that if it costs something for the Government to redeem its promises, it would be to the credit of the country to honor its obligations, even if it should be at the cost of a few million.

Mr. MITCHELL. Does not the present system of irredeemable paper currency tend to promote extravagant and excessive importations?

Mr. LOW. Unquestionably.

Mr. MITCHELL. Then that tends to keep the balance of trade against us?

Mr. LOW. Unquestionably it perpetuates the evil, and the evil is constantly growing, or at least is promoted by every measure of inflation.

Mr. FARWELL. Is it your opinion that the condition of the country for the past ten years has been prosperous or otherwise?

Mr. LOW. I think the country has generally been prosperous; but from the abundance of paper money we have undertaken to do too much. I think we are extremely extravagant in our habits.

Mr. FARWELL. Then the reduction of the volume of paper currency would tend to make the country less prosperous, would it not?

Mr. LOW. It would tend to make it more moral.

Mr. HAWLEY. I have a few propositions on which I want to ask your opinion. The precious metals furnish the best standard of value for a medium of exchange, do they not?

Mr. LOW. Yes, sir.

Mr. HAWLEY. The proper currency is one composed of gold, silver, and paper convertible at presentation into coin?

Mr. LOW. Yes.

Mr. HAWLEY. The National Government should steadily aim at resumption of specie payment?

Mr. LOW. It should.

Mr. HAWLEY. There is no path to resumption through an expansion of the volume of inconvertible paper money?

Mr. LOW. None that I can see; quite the reverse.

Mr. HAWLEY. The National Government can easily find a road that will reach resumption in a reasonably short time if it shall firmly determine to do so?

Mr. LOW. Undoubtedly.

Mr. HAWLEY. A favorable balance of trade would aid resumption?

Mr. LOW. Of course.

Mr. HAWLEY. Is it indispensable that we should wait for a favorable balance of trade before trying to resume?

Mr. LOW. I do not think it is. I said that we could not expect to resume without ceasing to export coin, unless the product of the precious metals is sufficient to make up the deficit. I think most of the precious metal we have exported during the last year has been silver, and that the gold in the country has of late been steadily increasing. I believe there is more gold in the Treasury now than there was a year since, although less, perhaps, than three or four years ago.

Mr. HAWLEY. I understand that you would begin to work for resumption without reference to the balance of trade. Do you think it is the duty of the Government to proceed toward resumption without waiting for that?

Mr. LOW. Of course; because the country would then accommodate itself to the new condition of things.

Mr. HAWLEY. How would you do that?

Mr. LOW. Whenever the Government declares its intention to redeem its legal-tender notes, the merchant will put his house in order for the change; he will restrain his imports under the natural expectation that on the resumption of specie payments lower prices will prevail.

Mr. FARWELL. Then, what you would do would be to ask Congress to declare that at some future time they will resume specie payment?

Mr. LOW. Yes; and I think the country would be ready for it when the time arrived.

Mr. FARWELL. It would not be necessary, in your judgment, to make any preparation?

Mr. LOW. Yes; as I have said, I would suggest the negotiation of one hundred million of dollars of bonds abroad, and use the money to redeem the pledges which have been made but are not redeemed.

Mr. HAWLEY. Do you not believe that specie-payment persistently maintained is a powerful means of securing a favorable balance of trade?

Mr. LOW. Yes.

Mr. HAWLEY. And that irredeemable paper-money, with the resulting inflation of prices, tends strongly to cause an unfavorable balance of trade, and almost inevitably causes the payment of that balance in the precious metals?

Mr. LOW. Certainly; we have seen that for years; for many years we have been exporting too largely of gold from the country. I think if the country will send to Cuba just at this time, they can get some instructive lessons on the subject of paper-money.

Mr. HAWLEY. State whether, in your judgment, the continuance of national banks of issue must for the present be accepted as unavoidable, and this without touching the question whether or not it would be wise for the Government to provide all the currency.

Mr. LOW. I think it would be quite an assumption of power for the Government to undertake to-day to substitute its paper for the national-bank paper of the country. I do not see how it is possible to dispense with the banks. I think, as I said before, that our banking system is exceptionably good; and I do not see how it can be greatly improved. It gives a uniform currency throughout the country; it is calculated to meet all the requirements of the merchant, manufacturer, and trader; and I do not know what more is wanted. There has been a financial panic in the country, but during it all no apprehension of the safety of our national-bank notes; and I would be in favor of free banking, under certain restrictions. I would not remove that restriction which limits the indebtedness of banking institutions, because I think our financial ills come from bank expansion, and not from an excess of currency. On the contrary, I think it is manifest that there has been too little rather than too much currency. Everybody carries more or less in his pocket, and in some portions of the country it is hoarded.

Mr. FARWELL. You think, then, it would be unwise to provide more currency than is now in circulation?

Mr. LOW. With the growth of the country more currency will be needed. I am in favor of an increase of currency, but I think it should be redeemable, if not in gold, certainly in greenbacks. Why there should be any restriction of currency in the country under proper safeguards I do not understand. The national-bank notes are based on gold-bonds, and the liability of the stockholders added thereto gives them absolute security. There is one feature of the banking law I have not referred to—I mean that which makes the Government responsible for the redemption of national bank notes. If an attempt should be made to return to specie payment, and a large number of the banks should be crippled, it might be a larger undertaking than the Government would be prepared for, to redeem all the notes of these various banks. But if the Government should advertise that at a certain day it would redeem its legal-tenders, there would be no probability of any immediate and extensive demand on the Treasury; because legal-tenders are held largely by the banks, and they are required by the banks for the redemption of their own circulation as well as the maintenance of their own reserve. If, however, combinations hostile to a return to specie payment should be formed for the purpose of breaking down the Government in its attempt, first calling upon the banks to redeem their bills with legal-tender notes, and then upon the Government to redeem these notes, trouble might follow; but under any proper or probable condition of things, I do not see any difficulty in the undertaking. My belief is that if the Government should announce its intention of redeeming its legal-tenders on the 1st of January, 1875, there would be no difficulty in meeting the calls that would be made, and the result would be, as I have stated, that those holding funds in this country would be less inclined to remove them from the country, while the uses of gold would be limited to the liquidation of the balance of trade. There would be no other call and no other need for gold, unless the call should result from combinations to break down the banks or to embarrass the Government.

Mr. FARWELL. Suppose the Government should provide itself with two or three hundred millions of gold, and announce a resumption of specie payment: would not the fact that we are in the power of foreign creditors render the Government liable to have its reserve absorbed in a month, and make suspension inevitable?

Mr. LOW. In answer to that, I ask whether there is any reasonable apprehension of any such attempt from that quarter; and I again ask, are we to abandon all idea of ever returning to specie payment?

Mr. FARWELL. My answer to that is, not until the balance of trade is steadily in our favor.

Mr. LOW. Then we will have to wait until the millennium. I do not believe that any unusual demand would be made upon the Treasury from abroad in consequence of a return to specie payment. On the contrary, I believe the securities of this country would be held with such tenacity as we have never seen; because we should be then looked upon by the world as not only a more sensible but a better people than we now are.

Mr. MERRIAM. If what you say in regard to the liability of the Government to redeem the notes of national banks is true, then how would a resumption of specie payment make our loans any more desirable abroad, we now holding the bonds as collateral for the circulation of the national banks to redeem their notes?

Mr. LOW. What I said was in consequence of an apprehension expressed by another gentleman, who seemed to think that feature of the banking law a dangerous one for the Government; that it might bring upon the Government the necessity of redeeming national-bank

notes in gold as well as legal-tenders. I do not share in that apprehension at all. I do not believe there is much to fear from the present national-bank system; but, on the contrary, that there is everything to hope from it.

Mr. MITCHELL. Let me ask to what cause do you attribute the fact that our currency is now worth less than 90 cents on the dollar?

Mr. LOW. I can tell you why I think gold is worth 12 per cent. more than currency. It is a consequence of speculation, based upon the restricted supply at hand for the purposes of business. We have eighty-five millions of gold in the Treasury, about thirty millions of which are represented by gold-notes; the amount is known exactly to the speculator. Now, regarding gold and legal-tenders equally as money, let me ask you what would be the effect of locking up two-thirds of the legal-tenders and contracting the supply to this extent? The locking up of three or four millions of greenbacks is complained of, and sometimes is seriously felt. Is it strange that the locking up of two-thirds of the whole supply of gold in the vaults of the Treasury should be both inconvenient and costly—making gold both scarce and dear? I give you another reason. Our banks lend their money upon coin as collateral, which I think they ought not to be permitted to do, as it facilitates speculation in gold.

Mr. MERRIAM. In connection with that I would like to ask your opinion upon the policy of taxing sales of gold; as I understand you, sales to the amount of eighteen hundred millions occurred in New York in sixty days.

Mr. LOW. Yes; and during that time only thirteen millions were required to meet the payment of duties on imports.

Mr. MERRIAM. What would be the effect of placing a tax of a quarter of one per cent. upon the sales of gold?

Mr. LOW. If you could enforce its payment, I think the effect would be good.

Mr. MERRIAM. Would it not have the effect of bringing down the price of gold?

Mr. LOW. If you could stop gambling in gold, it certainly would. There has been really no such difference as has existed between the value of gold and of currency, when the test has been a comparison with other things.

Mr. FARWELL. A good deal has been said about the currency of the world. In your business relations is it not a fact that there is no such thing as a currency of the world? Do you not pay for your tea in cotton or bullion that has to be adjusted, according to its weight, to the standard of the country you send it to?

Mr. LOW. Gold or silver is the standard of value all over the world.

Mr. MERRIAM. But you cannot pass a double-eagle in England; it is not legal tender there; it must be recoined.

Mr. LOW. That is true; and let me say that my attention has been called to the fact that the Secretary of the Treasury has found warrant in some act of Congress to call the tael of China a dollar and sixty-one cents; and in that way indirectly there is an advance of duty upon everything which comes from Shanghai, and is liable to duty, to the extent of the difference between a dollar and thirty-five cents, as fixed by statute, and a dollar and sixty-one cents. I called upon the Secretary this morning to say that there is no such coin in China at all. There is a tael of account, which has a value of a dollar and thirty-five cents, but there is no such coin as a tael; and therefore the statute to which he refers does not apply. There is a commercial tael in use in China, the value of which, in our money, is determined by the pound sterling.

Mr. PHELPS. You suggested that it might be proper to receive for duties a certain amount of greenbacks. What percentage would you suggest?

Mr. LOW. I think 5 or 10 per cent. would be enough and leave a sufficient remainder for the payment of interest and for other purposes of the Government. I believe there is some provision under existing laws for funding 1 per cent. of the public debt; and the cancellation of these greenbacks would be equivalent to funding or would, at least comply with the spirit of the law.

Mr. PHELPS. There is a bill now pending before the House proposing to pay one-half the duties in greenbacks.

Mr. LOW. That, however, does not provide for the cancellation of the greenbacks.

Mr. FARWELL. You have stated that you thought the currency of the country should be increased as the population and business increased. How do you reconcile that statement with your proposition to reduce the currency of the country by the cancellation of greenbacks?

Mr. LOW. I am in favor of increasing the amount of bank-notes, but not of the national currency or legal-tender notes.

Mr. MITCHELL. Would it not be very desirable to have an increase in the shape of coin—more coin and less paper?

Mr. LOW. Of course; and we should need less paper if we had more coin.

Mr. HUBBELL. You say it is desirable, in the present condition of things, to take steps toward the resumption of specie-payment. Now, if resumption is to take effect on the 1st of January, 1875, would there not be a liability to speculation on the part of the speculators of Wall street for the purpose of producing a panic, as there is now for putting the price of gold up?

Mr. LOW. I think not; for the reason that gold would have the same value as paper. The action of Congress, by promoting inflation, will not encourage speculation.

Mr. HUBBELL. Suppose you return to specie payments, I ask you again, will not the danger of a panic, by speculating in gold, be increased?

Mr. LOW. I think not. Before the war we had specie payments, and our banks, with a reserve of eleven million dollars, carried one hundred and eighty millions of circulation and other indebtedness, chiefly local. If they were able to maintain specie payments in that condition of things, with coin amounting to not more than 10 or 15 per cent. of their indebtedness, I do not know why the Government, with one hundred millions of reserve, cannot resume against three hundred and fifty millions of indebtedness, half of which will be held by the banks as their legal reserve. I grant you that we have become greatly demoralized by the expansion that has taken place, and it is because we have become so demoralized that it is time to retrace our steps. I admit that we are not as virtuous a people, in some respects, as we were before the war.

Mr. MERRIAM. Is it not desirable for us to keep, as nearly as possible, the value of greenbacks and of national-bank notes the same?

Mr. LOW. I think they are of one value.

Mr. MERRIAM. But will not the process of paying a portion of the greenbacks for duties immediately separate them and place the legal-tenders at a premium?

Mr. LOW. I think not; there are too many of them to be affected by the small percentage that would be paid for duties.

Mr. MERRIAM. There has been a time within a month when they were at a premium of three-quarters of one per cent.

Mr. LOW. If there is a tendency in that direction it would approximate them more nearly to gold. I think the tendency would be to appreciate the value of the greenback when it is put upon the same footing with gold, and made to perform the same office even in a small way.

Mr. MERRIAM. Is it not desirable for us to legislate as far as possible to prevent panics in the country?

Mr. LOW. Certainly. But I do not believe any panics would necessarily follow an attempt to resume specie payments.

Mr. MERRIAM. If we should resume specie payment with the amount of gold we have in the country and there should be a loss of a crop of cotton in the South or of wheat in the West, would not that have the effect of so changing our balances of trade with Europe as to bring upon the country such a panic as occurred in 1857?

Mr. LOW. Possibly. In the views I have expressed I wish the committee to understand that I am perhaps rather peculiar in the opinions I hold. I have more faith in the ability of the country to return to specie payments than perhaps a majority of the commercial men have. Still, I hold my opinions with confidence, and do not propose to abandon them because others differ from me. I think the grand difficulty in the way of returning to specie payments springs from the indisposition of our people; and that the difficulty in Congress is that you gentlemen are representatives of the people in this respect. I believe, further, that the indisposition to adopt some measure for a resumption springs from the demoralization of the people, and that the evil under which we are laboring is yearly becoming greater and greater. You will have gentlemen before you who will present other views than those I have expressed.

The CHAIRMAN. Let me ask you whether there is any considerable demand for coin or for gold except for the payment of duties and for the foreign trade?

Mr. LOW. No; I think not.

Mr. MERRIAM. During the late panic it was impossible to get the currency required for the transaction of the business of the country. The difficulty was felt by every merchant in New York and all over the country. The Secretary of the Treasury was implored by New York merchants and bankers to issue more currency; and let me ask you whether the issue of a portion of this forty-four millions, which the people of New York have since complained so much about his issuing, did not tend to restore confidence and to commence business again?

Mr. LOW. Yes; it restored confidence and encouraged inflation.

Mr. MERRIAM. Have not the manufacturers started in consequence of that issue?

Mr. LOW. Yes, doubtless; because they were in great want of currency, &c. The want has been supplied. The currency of the country had been hoarded. I think a portion of that reserve in the Treasury may have been used to advantage; but I also think it is unfortunate that a resort to it was necessary or thought to be so. There was a universal apprehension on the part of the people, and the people at such times are not reasoning. I have no doubt it was advantageously used. I was abroad at the time.

The CHAIRMAN. You were speaking of our foreign debt. Have you ever considered what is the probable aggregate of that debt?

Mr. LOW. I have no means of knowing; I have only heard it estimated at probably fifteen hundred millions.

The CHAIRMAN. Do you think there is a large private indebtedness abroad?

Mr. LOW. I should think not very large. There is an indebtedness growing out of

the prosecution of our foreign trade, which is generally done by means of credits on London.

The CHAIRMAN. You think there is not much capital here loaned by private parties abroad?

Mr. LOW. I think there is a good deal of it. Houses in this country are so intimately connected with those on the other side, many European bankers having branches on this side, that a certain amount of indebtedness will always exist so long as the present business relations continue. There are a great many questions of that kind which it would be impossible to answer.

The CHAIRMAN. What is your opinion of the policy of endeavoring to pay our debt or to keep payment in progress?

Mr. LOW. I think it has been beneficial to the credit of the country. It is an open question whether the money could not have been more profitably applied in the cancellation of legal-tenders. Still I have no complaint to make of the discharge of the national debt that has taken place. I think hereafter it might proceed more moderately and our resources be more wisely applied in redeeming United States notes. The national debt is now within a moderate compass; it is useful as the basis of our national banking institutions and savings-banks; and it seems to me better not to increase taxation and multiply burdens for the purpose of continuing as rapid a reduction as hitherto.

The CHAIRMAN. As the policy of the Government, would you think it better to look at the debt as a permanency for all future time?

Mr. LOW. I think it is always a good plan to pay debts, but it would be better to discharge our national debt by moderate degrees rather than by precipitous progress. I think we might have gone wisely a little more slowly. The condition of the country has been spoken of as prosperous these latter years. It has seemed to me in the last two or three years that the actual profits from business have been very slight. I know that the foreign business has been unprofitable; the country has overimported. Under the influence of high prices we have brought too many goods here and they must finally go down. It is to be borne in mind that a great change has been going on. Formerly it was easy for a merchant to import goods and wait his time to sell them; now the exact condition of the markets of the world one day is known everywhere the same day or the next: and when a dealer or consumer wants anything from a foreign country, he has but to telegraph the order and it is immediately shipped. The course of business heretofore pursued is changing, and it has become more dangerous than ever to hold large stocks of goods when a knowledge of foreign markets is so generally and instantaneously disseminated.

WASHINGTON, D. C., *January 14, 1874.*

Mr. A. A. LOW again appeared before the committee, and his examination was resumed as follows:

Mr. MERRIAM. What would you think of a law requiring rotation in office of the directors of banks, as in the Bank of England?

Mr. LOW. I should of course think, if you could displace a poor man with a better one, that rotation in office would be a good thing; but, generally speaking, our bank officers are wisely selected, and experience makes them valuable in their position. In the bank with which I am connected in New York there have been two or three vacancies in the direction for some time, and I can testify that it has been difficult to select men to fill these places who are deemed wholly desirable. There are a good many banks, and of course a great many selections to be made, and when they are properly made I do not think a system of rotation would improve the efficiency of the board and at the same time promote the safety of the institution.

The CHAIRMAN. Returning to the subject under discussion yesterday, please state what, in your opinion, was the cause of the late panic, and whether it might have been avoided.

Mr. LOW. I think the direct cause was the undertaking of large enterprises without adequate means, which were bound to go to pieces; and the enterprises to which I refer being such that they could not be suspended without creating financial panic and disaster.

The CHAIRMAN. What enterprises do you refer to?

Mr. LOW. Such as the Northern Pacific Railroad and others of lesser scope.

The CHAIRMAN. Do you limit your remark to railroads?

Mr. LOW. I think they were the main cause of the panic, because the panic has not been followed by many commercial failures, saving one or two, of great significance, but generally of a temporary character and not resulting in financial bankruptcy; such as the Spragues and Claflins. They were compelled temporarily to suspend, but will probably pay their debts in full.

Mr. MERRIAM. If these large enterprises you allude to had been wholly legitimate, and had been required by the wants of the country, do you think the same panic would have occurred?

Mr. LOW. I think some of these enterprises were legitimate enough, and could perhaps have been carried forward to successful completion if the demand for bonds abroad had not been suspended. There was no longer any way of negotiating bonds, upon which the life of these enterprises depended. There was no way of carrying them on.

The CHAIRMAN. Then I do not understand you to attribute the late panic to any vicious feature in our financial system?

Mr. LOW. Except that the financial system had encouraged enterprises which were beyond our ability to complete.

Mr. HUBBELL. Are the panics occurring in England from time to time ascribable to their financial system?

Mr. LOW. I think they are generally attributable to speculation. There is no means of procuring any system of finance which will meet all emergencies. I do not suppose it is possible to devise, in this country or in England, any system of finance which will be superior to all the indiscretions of men.

Mr. HUBBELL. Is our financial system any more liable to panic than the English system?

Mr. LOW. It is in this respect: that the currency is based upon irredeemable paper; and because there is a constant apprehension of a still further inflation, and unfortunately the action of Congress in this respect has been backward rather than forward; toward demoralization, not toward improvement.

The CHAIRMAN. Please state whether, in your opinion, the panic has passed away.

Mr. LOW. I think that all in the nature of panic is passed. Some of the effects of the panic continue to be felt.

The CHAIRMAN. The panic of 1857 occurred when we had a currency resting on a specie basis. Was not that more widely extended and disastrous and ruinous than the panic of 1873?

Mr. LOW. I think that perhaps in some respects it was more disastrous, and it certainly was more wide-spread in its character. But it was probably less disastrous than that of 1837, which came in an earlier period, when the country was less wealthy and less able to meet disaster. I do not imagine that we will ever be able to avoid panics. They will come from the indiscretion of the people. I merely explain what I conceive to be the cause of the last panic.

The CHAIRMAN. I wish you to tell us whether a recurrence of a similar panic can be prevented; and, if so, what means would you adopt in reference to the finance or currency of the country?

Mr. LOW. I would avoid what led to the other panic, and not undertake any enterprise of so gigantic a character, which, in the nature of things, cannot be completed. Primarily, let me say, I think these enterprises should not be encouraged by legislation, giving corporations immense grants of land, and so encouraging enterprises of this character.

The CHAIRMAN. Has there not been, during the last fall, in England, Berlin, and especially in Vienna, a state of financial panic almost as serious as in this country?

Mr. LOW. I have no means of measuring the seriousness of panics. I only refer to what I have seen. There may have been panics in Berlin and Vienna, caused, perhaps, to some extent, like ours at home, by a great inflation in the value and subsequent decline of commercial stocks. And I suppose that while men are imperfect such things will continue.

The CHAIRMAN. Do you remember how high the Bank of England raised its interest during the fall?

Mr. LOW. I think to 9 per cent.

The CHAIRMAN. Would you consider that a symptom of financial alarm?

Mr. LOW. It is generally understood to have been raised to prevent the export of coin to this country, where it was naturally tending under the adverse rates of exchange ruling here.

Mr. MITCHELL. You have given us your decided opinion, that the currency of the country ought to float back to a specie standard. You state further your opinion that the country has no more currency than is required to meet its needs, and that, in fact, the volume of currency ought to be increased. Will you please explain this seeming conflict in your views?

Mr. LOW. What I said was this: that at existing prices, such prices as have ruled latterly, it has seemed to me that the supply of currency was not in excess. The country is very large; its industries are numerous; its population is steadily increasing; and I said that I saw no reason why there should not be the means of increasing the currency with the growth of the population and increase of business. I think, in a country whose population and industries are increasing as rapidly as ours, there should be an increase of currency to meet its wants, and, on a return to specie payment, we should have \$140,000,000 in gold, which is now demonetized, returned and added to the currency in circulation; so that there would be an increase rather than a diminution of the volume of currency by a return to specie payment. This, again, will make the greenback equal to gold. The prices of commodities will considerably recede, and consequently the amount of currency required will be comparatively less.

Mr. MITCHELL. Then it is your opinion that specie payment may be returned to without any reduction in the volume of paper money?

Mr. LOW. I have a belief that under a certain condition of things the Government should redeem its legal-tender. I was asked yesterday if I had any suggestion to make in regard to the finances of the country. It has occurred to me that I should say yes, because, in a memorial which has come before Congress from the Chamber of Commerce, and which went to the Chamber of Commerce bearing my signature, there were suggestions made, among which was this, viz: that the banks should be compelled to keep all their reserve in legal-tenders. And the memorial contained a recommendation to Congress that it should direct the redemption of legal-tenders on the 1st of May next. That time was fixed for the reason that business then was much depressed and exchanges were low, and it was thought wise to select a period anterior to the time when the shipment of cotton ceases. The banks should be required to hold their legal reserve in legal-tenders.

Mr. MERRIAM. That is the law now.

Mr. LOW. It is not so understood to be the law, or, if it is, not acted upon by the banks. I explain to the committee that it is the custom of some of the banks to loan their money upon gold, and then to consider that gold a part of their legal reserve, although it is absolutely not within their control.

The CHAIRMAN. Then that practice is a fraud, is it not?

Mr. LOW. You can put what construction you please upon it; it is a fact. Therefore the memorial recommended that the banks should be required to retain their reserve wholly in legal-tender notes. Then, if they loan money upon gold, the gold will not be counted as a part of their reserve. Then, the banking law requires that the country banks shall hold 15 per cent. as a reserve, but that three-fifths of the amount may be deposited in New York. Under the feature of the law we may suppose the country banks owe \$60,000,000, and to protect this indebtedness hold a reserve of 15 per cent., or \$9,000,000, of which three-fifths, or \$5,400,000, are lodged in the city banks; and that these deposit banks loan three-fourths, retaining only one-fourth to satisfy the law of redemption as respects themselves, and you have the practical result, viz, \$3,600,000 of legal-tenders kept at home, and \$1,400,000 placed on deposit in the city banks are held to be sufficient security for the redemption of \$60,000,000 of indebtedness on the part of the country banks. Such is the operation of the law.

The CHAIRMAN. State whether, in your opinion, national banks should be allowed to pay interest either on Government or general deposits.

Mr. LOW. I can only say that the bank with which I am connected, one of the largest in the country, has never thought it wise to pay interest on deposits. If there has been any exception it has been in the case of two or three savings-banks, and then only in cases where there is not likely to be a sudden call for the deposits. I believe the bank referred to has no other interest-bearing deposits. It has been said that if you prohibit the paying of interest on deposits, money will be withdrawn from New York and sent to Boston and other places. I do not believe there is much force in the suggestion. In respect to the proposition to require the legal reserve to be in legal-tenders exclusively, I desire to say that the effect would be to compel a retention by the banks of \$200,000,000 out of \$356,000,000, leaving only \$156,000,000 liable to be presented for payment at the Treasury: so that in case the Government should, at any fixed time, undertake to redeem its legal-tenders, they could only be presented at the Treasury in that amount. As regards the balance of trade, I think that will take care of itself whenever the Government is ready to take care of its greenbacks. I wish to make one suggestion in regard to the apprehension expressed by financiers as to the effect of resumption.

It is to be borne in mind that financiers are perhaps the most timid men in the world. Nothing is more common than the remark that the immediate effect of resumption would be financial disaster to the country; that nothing worse could happen than to attempt to resume and fail in the attempt. Well, there is just one thing which is worse, and that is the failure to attempt resumption at all. If our soldiers had been as timid in war as our financiers are in time of peace, we never should have had a victory, because they would never have ventured a battle. England once attempted resumption and failed, and that is often quoted for our discouragement. Let me say that when England fails once, England always tries again, if the end to be gained is worth striving for. Englishmen are not prone to give up because of one failure, and we had better fail twenty times and finally resume than not to make any effort to resume. I say this because a class of men may come here to testify in this matter who are guided by their fears. Some men are more afraid of their money than others are of their lives.

Mr. MERRIAM. If the Government should resume and fail, would it not create a widespread panic through the country?

Mr. LOW. I do not think it would at all. If it did, it would only show that we had more bad men in the country than good. I believe we have good men enough in the country to sustain the Government in every attempt it may make to restore a sound financial condition, as it had good men enough to stand by the Government in the time of the war. I do not believe this Government can undertake to give its people so great a boon as a return to specie payment without being sustained by the better part of the community.

Mr. MERRIAM. You say that men regard money as more valuable than life. For that reason, would not selfishness overrule their patriotism, in case of an attempt by the Government to resume?

Mr. LOW. I am one of those who believe in the patriotism of the people at large. I referred to a class of financiers as proverbially timid. The experience of our banking institutions in 1857, encourages the belief that an effort on the part of the Government would be sustained by our moneyed institutions and by the people. In 1857 a meeting of all the bank officers in New York to consider the feasibility of resumption decided against it. Four bank presidents more courageous than the rest decided to resume regardless of the others: and the result was that in a week all resumed.

Another matter referred to incidentally in the memorial of the Chamber of Commerce is one over which I am not sure whether the Government has control or not. For a great many years the merchants of New York have been aiming to get the State legislature to do away with the usury laws, which are unceasingly violated. Now, whether the General Government can permit the banks to charge a high rate of interest when money is dear, as they are obliged to accept a low rate of interest when money is cheap, and so override the law of the State, I am not sure.

The CHAIRMAN. I wish you would give the committee your opinion whether the general rate of interest allowed by law in the country is too high for prosperity in its trade or business.

Mr. LOW. I think, whether the legal rate be 6 or 7 per cent., it is high enough. I think that should be the legal rate for transactions where no special rate is agreed upon; but I can see no reason why the banks should not be allowed to charge a greater rate when money is worth more.

The CHAIRMAN. Is or is not capital, in the form of money, at either 6 or 7 per cent., more profitably employed than capital invested in any other species of property?

Mr. LOW. Sometimes it is. Many think that money invested upon bond and mortgage at 7 per cent., is the best form of investment for a life-time; but in advocating the right of the banks to charge a higher rate when money is worth more, I advocated it as one method of checking excessive exportations by increasing the cost of money, just as we now check importations by advancing the price of gold. If we are importing too much, the supply of gold becomes reduced and the price goes up. One method is to create a stringency by refusing to lend money; the other and better way, in my opinion, is to advance the rate of interest, and check excessive importations by increasing the cost.

The CHAIRMAN. It would then be in the interest of bankers and moneyed men who are speculators to produce panics in order to increase the rate of interest, and, of course, the profits on their money. Is that the position you assume?

Mr. LOW. No; the object of increasing the rate is to impose a check upon importations by advancing the value of money to the importers and so prevent overtrading, just as in England the Bank of England advances its rates to prevent coin going out of the country.

Mr. MERRIAM. In England the effect of raising the rate of interest has been as you say; but in New York, when money has brought 1 per cent. a day, stocks have continually advanced in price, so that increased cost of money does not prevent the operation of stock-speculators or the appreciation of their values.

Mr. LOW. It is true that money is paid for at these exorbitant rates in Wall street by a set of men who are speculators, or who act in the interest of speculators, and that there is a class who are not deterred by the law from accepting usurious rates; but the result sooner or later is seen in failures that occur in New Haven, Cincinnati, and other places, of men who have lost all their money by these operations in Wall street. It is notorious that a quarter, and even a half per cent. per day has been paid for money by Wall-street operators to carry stocks; but it is not to be imagined for a moment that the result is other than bankruptcy and ruin somewhere.

Mr. MERRIAM. Is it not true that merchants often pay these high rates of interest?

Mr. LOW. I think not for the legitimate purposes of business.

Mr. FARWELL. What would be the result of the repeal of the usury laws in New York?

Mr. LOW. My belief is that money would always be obtainable in difficult times at cheaper rates than now. Our banks cannot, without a violation of law, loan money at more than 7 per cent. interest, and the result is that a broker can go into his bank and borrow money at 7 per cent. and turn around and loan it in times of stringency at 12 to 14 per cent., or more frequently, perhaps, will discount in advance at the higher rates, and then place at bank the same security at 7 per cent.

Mr. FARWELL. Does this usury law prevent money from coming to New York for investment?

Mr. LOW. Those who are scrupulous would not of course send money to be invested contrary to law.

Mr. FARWELL. I understand that you advise this committee to favor authorizing national banks to loan money at its value?

Mr. LOW. I believe it will have the effect of reducing the rate at which money is now loaned.

Mr. FARWELL. Do you not believe that in the case you speak of, where the broker loans money at 14 per cent., the bank would loan at 14 per cent. instead of 7?

Mr. LOW. No, I think not. It is possible that some of the banks might squeeze their customers under pressure; but my belief is, and I think the belief of every merchant is, that the repeal of the usury laws in New York would cheapen the value of money; would reduce the rate of interest rather than increase it.

The CHAIRMAN. Did you ever know a bank refuse to take all the money it could get?

Mr. LOW. I never knew the Bank of Commerce take more than 7 per cent.

The CHAIRMAN. Let me ask you whether, in your opinion, there should be any change made in the organization or management of the banks, and particularly in connection with the suggestion made by the Postmaster-General in his report recommending the use of post-offices for savings-bank purposes?

Mr. LOW. I have not seen his report, nor do I know of any general changes which are necessary. I have sometimes thought that savings-banks, instead of accumulating a large surplus and resorting to extra dividends to dispose of it, should be made to pay taxes like other banking institutions. I think they might be taxed and still show a fair return for their money. I should doubt the expediency of combining our savings-banks with the Post-Office Department.

Mr. PHELPS. I would like to ask whether, at the present time, you are in favor of increasing the currency in circulation, as the law now stands?

Mr. LOW. If you will allow me to answer in a general way, first I will say that, after the war, I supposed the Government would enter upon the redemption of its pledge to redeem legal-tender notes in gold. The issue of these notes was understood to be a war measure, and it was generally supposed that the Government would, as soon as possible, retire the greenbacks. I have suggested, as a member of the Chamber of Commerce, that the best mode of recovering our lost ground in this regard would be to receive a small portion of the duties on imports in legal-tender notes, and by a cancellation of these notes, gradually remove them from the currency of the country. I do not want the committee to understand me as expressing any change of that opinion. I believe that is the best way. More recently I have made up my mind that it would be wise to take the first step in another direction, because I believe from my observation during the few months past, that, while the banks hold largely of legal-tender notes, all the currency of the country has been fully occupied. I would not, therefore, advocate the withdrawal of currency which appears to be needed; nor would it be the effect of exchanging legal-tenders for gold to reduce the supply. I have expressed my belief in the ability of the Government to redeem its legal-tenders and make them equal to gold, provided the banks were required to keep all their reserve in greenbacks, as there would not remain out of bank over \$150,000,000 or \$200,000,000 liable to be presented for redemption, and these scattered over the whole Union.

Mr. FARWELL. Suppose the banks should prefer not to hold legal-tenders, but should decide to hold gold?

Mr. LOW. That would not meet the requirement. I propose that they shall be required to hold their reserve in legal-tenders until these shall have become equal to gold through redemption. When the success of resumption is fully assured, gold may be substituted for legal-tenders to the same extent. But for a time legal-tenders may be made auxiliary to gold. During the transition state there may not be gold enough for all the requirements of the country, and therefore legal-tenders, redeemable at the Treasury of the United States, will answer the same purpose as gold in the redemption of national-bank notes.

Mr. PHELPS. I understand you now to say that, provided we were upon a gold basis, and provided the legal-tender notes are redeemable at all proper places in gold, you would have no objection to increasing the currency to any extent. What I want to ask you is whether, with the currency as at the present time, you would increase its volume by the issue of more greenbacks.

Mr. LOW. I should deprecate the issue of any more greenbacks. I have no objection to an increase of the number of banks and the amount of bank currency under present legal restrictions, whether we resume or not, if the country requires it; but the issue of more national-bank notes and the issue of more legal-tender notes are two very different things.

Mr. PHELPS. You say, then, that while you would be opposed to issuing any more greenbacks, you are of the opinion that all restrictions should be taken from the amount of bank-notes issued under the present law?

Mr. LOW. I do not see why there should be any restrictions which are not imposed by the necessities of the country. If there are men in the country willing to invest their money in establishing new banks, depositing bonds, and complying with the restrictions of the bank law, I see no objection to it. Moneyed men will not do it unless they find a profit in the transaction. If the Government redeems its legal-tenders in gold, and bank-notes are redeemable in legal-tenders, then the national-bank notes become as good as gold. I explained yesterday that our financial troubles do not arise from the increase of bank-note circulation, but from bank expansion by the lending of money upon stocks which are forced up to fictitious values. I explained that the advance of stocks from day to day increased the amount of money in circulation, and that, as they fall, the amount is diminished. When prices are high, money becomes penty. When prices are low, it be-

comes less abundant, because it is obliterated by as speedy a process as that by which it was made. High prices for merchandise, on the contrary, absorb money in the natural course of business, and employ more or less, according to the high or low value of commodities.

Mr. PHELPS. Would you be willing now that as many people as desired should go into the banking business, under the present restrictions of the law, requiring notes to be redeemed in legal-tenders, which at present is no redemption at all?

Mr. LOW. I would not express any wish in the matter. I merely stated that I did not see why there should be any restraint upon national banks so long as they are required to deposit the bonds of the Government as security for their circulation. At present I believe there is an excess of bank-paper, and there would be no new banks created if the restrictions should be removed. But we are passing out from the depressions of prices, and of business caused by the panic, and new banks might after a while be created if the restrictions should be taken off.

Mr. MERRIAM. During the late financial panic the Government ceased to buy its bonds after thirteen millions had been purchased. It was at that time impossible to borrow money upon Government bonds or to sell Government bonds after the announcement was made that no more would be purchased by the Government. Now, if there had at that time existed a law which would have enabled the Government to loan greenbacks upon Government bonds temporarily, under the exigencies of panic, would it not have afforded a relief?

Mr. LOW. I think it very likely. I was not in New York at that time; you were there, and I think the committee can be better guided by your opinion than by mine. I think, however, that is a dangerous power to confer upon the Government, and that the community had better be left to the regulation of their own affairs. I do not think it would be wise to legislate with reference to panics that come once in seven or fourteen years.

Mr. MERRIAM. You must remember that the duty of legislators is not only to regulate the currency, but that public policy demands of us that we shall so shape our legislation as to make it impossible to have riots and disturbances among the laboring-classes. Now, I understand that if the Government had had power at that time to have loaned \$100,000,000 to the national and savings banks at 8 or 10 per cent. interest upon Government bonds, it would have prevented the panic which has cost the country \$1,000,000,000 and produced the demoralization which we see in our large cities, by throwing laboring-men out of employment. The Government by such a step would have taken no risk, and the banks would of course return the money at the first practicable moment rather than continue to pay such high rates of interest.

Mr. LOW. If the Government can invent a panacea for financial ills, of course it should do it. I do not think it is in the power of Congress so to legislate that we shall have no more panics. I think that whenever the Government undertakes to legislate to prevent pecuniary disturbances, there will be two occasions for governmental aid where there is one now.

The CHAIRMAN. I understand Mr. Merriam's point to be that in the present condition of affairs it is in the power of a very few men to throw the country into a state of financial trouble, involving the ruin of an immense number of innocent people. Now, what I want to ask you is, whether that is one of the inevitable evils which we must submit to, or whether there is any possibility of providing means for disarming that power?

Mr. LOW. Give the country a good financial system, and I think it will take care of itself. The difficulties that come from inflation may and ought to be remedied, and our system brought into harmony with the financial systems of the foremost nations of the world. We may expect a return of trouble if we are to have more inflation.

Now, if the committee will allow me, I want to recall their attention to one observation made yesterday. I said that the price of gold and the depreciation of currency grew out of the fact that on one side a large part of the gold is held by the Government away from the uses of the people, while it is suggested, as a means of preparation for a return to specie payment, that the banks shall retain all the gold received for interest. If such a policy is to be pursued, I do not see how merchants are to obtain gold to pay duties at the custom-house. One of your committee said that it was expected that the merchant would import gold to pay his duties. I would like to know how, with the balance of trade against the country, the merchant is to import gold; how he is to pay.

Mr. MERRIAM. The same difficulty would arise against the Government importing gold, as was suggested on the other side.

Mr. LOW. The United States can borrow gold for bonds having thirty years or more to run; the merchant cannot. Besides, it is not the business of the merchant to supply gold, which is only wanted because the Government dishonors its promise to pay its notes which are due on demand.

Mr. MERRIAM. You could pledge your credit in England in the same way that you do for the payment of goods.

Mr. LOW. I think it would be very difficult to borrow money on that basis.

Mr. HUBBELL. Do you consider it a safe and prudent financial measure for the Government to undertake to return to specie payment, while gold is worth a premium of even 2 per cent., with the balance of trade against us?

Mr. LOW. I do not mean to say that on the instant you could do it. What I say is that

if the Government will give notice that at a certain date, not very remote, it will redeem its notes at par, before that date is reached the premium on gold will diminish. Of course the committee will understand that I attribute the present price of gold to the general feeling in Congress and in the country in favor of inflation. Whenever the Government moves in the opposite direction and manifests a disposition to resume, everything will conform to that recognized purpose, as now all things conform to the feeling that Congress will inflate; and that feeling prevails both at home and abroad.

WASHINGTON, *January 14, 1874.*

GEORGE S. COE, president of the American Exchange Bank, New York, appeared before the committee.

The CHAIRMAN. Will you please tell us whether in your opinion there are any defects in our present financial system; if so, what they are and how they may be remedied?

Mr. COE. These are two very important questions. First, the defects. The defects in our financial system, doubtless, are that we are out of harmony with the commercial world in respect to our measure of prices; that is to say, we are not upon a specie basis. The remedy is a very much more difficult question to determine. We are brought into this position by an extravagant issue of paper money, so called, which paper money did not originate in the natural order of commerce; and here, in order to make a basis for what I have to say, I must explain. All paper used as money should be essentially in the nature of a bill of exchange. It must follow and grow out of trade. It cannot be injected into it by any possible means, and still preserve specie payments. Paper money consists really in orders for things exchangeable between men, whether that money be in the form of a bank-note or in the form of a bill of exchange or in the form of a bank deposit. It is drawn on things requiring exchange in the business relations among men. The consequence of that statement is this: that where articles are upon a specie basis in harmony with the world's commerce, every piece of paper issued must follow the article, and not precede it. That is a condition vital to the harmonious commerce of the country and of the world; and while that relation continues to exist, there can be no derangement in commerce or suspension of specie payment. But our position is this: The Government, in the war, found itself in an exigency needing more money. It was in fact short of those materials of commerce which constituted the basis of money. It was, therefore, compelled, from very necessity, to issue evidences of debt. Call it what you may, it was the issue of a debt bearing no interest, converted into money. Now, so far as they were debts, they grew out of the poverty of the Government. The Government had not in itself substantially the thing signified of which this paper was the promise or sign; consequently, the first note issued by the Treasury was a promise which did not mean that the money was in the Treasury, but that it was not there. It represented the absence of it. Consequently, as soon as the new paper became infused into commerce, it worked a dilution of the whole currency. The effect was, in some respects, similar to the dilution or deterioration of coin by infusing a foreign matter not intrinsic into it; not growing out of the relations between men to each other in respect to their wants; not growing out of commerce in its natural operations; but requiring a law to compel these notes to circulate as money. I therefore say that the issue of every one of these notes was a dilution of the currency; and the deterioration became greater and greater with the quantity emitted, just as gold coin would deteriorate by introducing into it two parts of alloy instead of one. In that way the whole mass of paper currency became deteriorated, and specie payment was suspended. Our paper money was not exchangeable among men in the commerce of the world; and that debased element must be eradicated before we can get back to the normal condition of commerce.

Mr. FARWELL. You mean by that we must redeem the greenbacks?

Mr. COE. We must redeem the greenbacks as a necessary consequence, and I want to give a reason for that. These greenbacks not representing the commercial value they purport to represent, that value must be put into them by placing the gold into the Treasury. They will then come into proper relations with the commerce of the world. In other words, they will represent things in trade, and will be restored to their true position.

Mr. HUBBELL. Your idea is, then, that greenbacks should be redeemed and taken out of circulation?

Mr. COE. It is. It should not be done suddenly, because the present condition of the currency is the growth of years. No sudden return can take place without violence and disturbance in our financial system. I would return as gradually as possible, and continue the process until the adulteration is removed.

Mr. PHELPS. Your dislike to this financial element injected, as you say, into the currency, adulterating the currency, would not be so great if it should be made exchangeable with the good element. In other words, if the greenback currency was made redeemable, you would not care to have it go out of circulation.

Mr. COE. I would not like to answer that question specifically, except by saying that I

have great doubt whether the Government has the functions of a bank, by which it can issue circulating notes at all, except as they issue gold certificates now—a certificate which states that they hold in custody that amount in coin. I have great doubt whether the Government can possibly issue currency otherwise than as a certificate of money in the Treasury, in a normal condition of things.

Mr. FARWELL. What is your panacea?

Mr. COE. That is a question I would hardly like to answer. I have no remedy except this: I think these legal-tender notes should be withdrawn as rapidly as can be done without interfering violently with the course of trade, by funding them, as was the original intention. You will remember that originally every one of these notes was fundable into 6 per cent. bonds; and I think now they should be funded, or the specie put into the Treasury to redeem them; but, as I said before, only by easy stages.

Mr. FARWELL. You would give the holder the option of funding them?

Mr. COE. That is one of the financial problems which it is difficult to solve.

Mr. PHELPS. I would like to have your opinion as to the comparative advantages of the two schemes of getting rid of the legal-tenders. Yours is gradually to withdraw the legal-tenders directly by taking them out of circulation; another is, instead of withdrawing the legal-tenders piecemeal, at the rate of two or three millions a month, to gradually accumulate gold in the Treasury until a sufficient amount has been obtained to redeem them all?

Mr. COE. In the first place, I do not think it would be safe to undertake any such wholesale redemption with less than from two to four hundred millions of gold in the Treasury; and to undertake to accumulate that amount immediately would seriously interfere with and derange the commerce of the world. I doubt whether it would be practicable to import even two hundred millions, and lock it up in the Treasury of the United States, without producing too great an agitation in the course of trade.

Mr. PHELPS. Suppose, instead of borrowing it, we retain it as it comes in in the shape of duties. We have already paid out in the purchase of bonds more than enough to redeem the entire volume of greenbacks.

Mr. COE. It has always appeared to me that the Government did not act wisely in allowing its coin to be sold in payment of its bonded indebtedness, instead of using it to redeem its promises payable on demand. There was a time when one hundred millions was retained in the Treasury without any violence to the course of trade or commerce. If the course had been pursued of allowing it to accumulate, we could have resumed specie payments before this time. Undoubtedly, between the two plans you mention, the system of retaining the currency at its present volume, and, when a change is made suddenly, to replace one quantity of currency by an equal quantity of gold, would be the best.

Mr. MITCHELL. I take it that we could not resume until currency comes almost to an equal value with gold; in that event gold will come in to discharge the functions of money instead of remaining, as at present, demonetized by its increased value.

Mr. COE. That is true. In the mean time there must be a gradual adjustment of prices in the whole country before you reach that position. In other words, our commodities must descend in price until we come into harmony with the world's prices. There is no escape from that whatever, and that result is to be reached by economy.

Mr. HAWLEY. It seems to me that for the Government to buy gold in Europe and bring it here in great quantities would involve much disturbance in the market. What would you think of the plan of allowing say ten millions a month to be received for duties and issued again redeemable in gold, say the 1st of January; then ten millions more redeemable in February; another ten millions in March, and so on; each issue having on it the date at which it is to be redeemed?

Mr. COE. The practical operation of that would be to so vary the prices of these different classes of legal-tenders as to take them out of the currency for the purposes of trade. No person carrying on a large business could receive in payment for his goods currency differing so greatly in value.

Mr. HAWLEY. I understand your theory, however, to be that any steps on the part of the Government toward specie payment would so appreciate the value of greenbacks to that of gold that there would be no substantial difference in the price; at least that it would be so slight as to create no disturbance.

Mr. COE. That suggests another question. These legal-tender notes being promises of the Government to pay at an indefinitely future time, not having now any representative in value in the Treasury, are worth just the discount for the time at the close of which they will probably be redeemed. If I receive a note having no time fixed for its payment, it is worth exactly the same as a note payable in two years, provided two years is the time when in my judgment I can get pay on my demand-note.

Mr. HAWLEY. There is another circumstance, however, which enters into the value of this demand-note—that it has gone into the currency of the country.

Mr. COE. That is entirely true.

Mr. HAWLEY. If the note, however, is even convertible immediately into money, it depreciates if more is issued than is needed for the business of the country.

Mr. COE. In other words, trade is like the blood in a man's body; the currency is a thing

that is the consequence of vital action. Paper money properly issued must be the representative of something else given in the transaction. If I have a transaction with the chairman of this committee, receiving from him some valuable commodity, and I give a note in exchange, that note is a bill of exchange. But money issued without any representative value behind it is nothing but a debt payable in the future; it represents the inability of the man to pay, and not his ability; and so the currency of the Government represents, not the ability of the Government to pay, but the inability, and therefore it is a debt converted into money by force of law.

The CHAIRMAN. Let me ask you, as an abstract proposition, whether you think it desirable at the earliest practicable moment to return to the financial system of the Government before the war, requiring all the operations of the Government to be transacted in coin; the currency of the country beyond that being supplied by the promissory notes of private parties or of bank corporations.

Mr. COE. I would like to follow down the train of thought I was pursuing a moment before answering that question. Aside from the defect in our financial system which I have mentioned, the Government of the United States has authorized another class of notes to be issued by corporations. These notes are guaranteed by the Government, the Government becoming substantially the indorser of them. Now, I conceive it to be perfectly impossible for the Government properly to direct its attention to its own obligations until it has disposed in some way of these indirect obligations in respect to the national-bank notes. The law requires the Government to pay every defaulting bank note at the Treasury. It is like this: Suppose I was in a very large business, and unable for the moment to meet my obligations, but I find that besides my direct obligations I have indorsed for other men accommodation-notes which they have issued. My first duty is to dispose of those indirect and incidental obligations and to extricate myself from them, so that I may give my entire attention to the payment of my direct obligations. I regard it as indispensable that the Government should first in some way relieve itself of the obligation of redeeming the currency of the national banks at the Treasury. It is perfectly clear that if we undertake, in resuming specie payments, to provide for the redemption of four hundred millions of legal-tender currency, we shall not succeed if on the top of that is to come all the bank-note circulation, amounting to nearly four hundred millions more, making eight hundred millions of dollars in all.

WASHINGTON, *January 15, 1874.*

GEORGE S. COE again appeared before the committee for continuation of his statement.

The CHAIRMAN. Please state whether you can suggest any change either in the amount or character of our currency which would be desirable.

Mr. COE. Allow me to resume at the point where I left off yesterday. The points presented by the committee were, what are the defects of the present system, and how to remedy them. My answer was that the defects of the present system consisted in the fact that we as a nation were dislocated and out of harmony with the currency of the world as it is expressed in prices: that is, we are not on a specie basis. The other part of the question was more difficult to answer. In giving an opinion as to what remedies should be suggested, I endeavored to state what I supposed to be the true basis of currency, showing that we were out of harmony with that basis. And then came the question how to remedy the difficulty. I stated that the currency of the country consisted of two parts: first, the direct issues of the Treasury of the United States, called legal-tender notes; and, secondly, another class of currency issued by the national banks; that the second class involved the contingent liability of the Government as guarantors for every dollar of it; that it was necessary, in looking to any return to specie payment, first, that the country should clear itself of that incidental liability. I want to dwell a moment on that single point.

These promises of the national banks are issued by corporations, which promises are substantially indorsed by the Government, and, therefore, in providing for the direct liabilities of the Government for the legal-tender notes, we must pay proper respect to this incidental liability in regard to the bank-notes; otherwise we shall find ourselves embarrassed from the start. How, then, shall that provision be made? Very clearly by requiring these banks to put themselves in an attitude where they shall take care of themselves. These notes were issued after an issue of legal-tender notes had been made and an inflation of prices had been produced, and they have to be paid like all other debts. Hence, in a resumption of specie payment, they must be taken into consideration. It may be said that these bank-notes were not issued with the expectation practically that they would have to be provided for; they constitute a volume of three hundred and fifty-six million dollars of paper money put out without any regard to redemption, because the requirement of redemption has never been imposed upon them; and these bank-notes therefore lie upon the country as a general debt, like the legal-tender notes, in respect to which no immediate provision for redemption has been made. Now, a bank is prosperous and in good condition just in proportion as it frequently redeems its own obligations; that is to say, in pro-

portion as its business is conducted upon short credits, with its assets so held as to be available upon short notice. Frequent redemption constitutes the vitality of all good credit. The redemption, therefore, of bank-notes in some practical form is a thing to be desired, both as to the safety of the Government and to the purity of the currency. These bank-notes having been out without any provision for immediate liability of redemption, they are loaned on long credits and upon property which is not readily convertible as other property, such as produce and merchandise is. I think it will be found, upon a careful investigation, that a large amount of the assets of the national banks of the country consists in long credits and in property unsuitable for immediate conversion; and that is the natural result of the issue of this paper, without immediate redemption being impending over it all the time. Now, these banks are to be put into a condition of self-sustentation, by making them feel that there is this liability continually impending over them; that they can be always called on for actual redemption. When there is a constant apprehension on their part that their notes must be redeemed when required, they will keep their assets where they will be available for payment, and they will not loan so much upon what are called accommodation-notes and upon property not available for conversion. They will not loan for the purpose of railroad enterprises, buildings, and other property not easily convertible into the means of paying. As soon, therefore, as you restore that liability, you make the bank-note a more perfect representative of property than it now is; it comes nearer to property, and is resolvable and exchangeable into something by which it may be paid. And furthermore, as I have stated, you purify the bank currency in that way; in other words, you put the bank upon the position of sustaining itself.

If I have made myself clear upon that subject, it is very plain that no effort to resume specie payment can be made successful without removing this indirect liability, and to produce that result it is required that the banks shall redeem their notes frequently. I might add that the national banks can only resume in what is recognized as the money of the country at the time; and as that money becomes more and more elevated in its value, they themselves will rise with the whole system to the level of the basis established for the country, whatever that level may be. For instance, if legal-tender notes, after the redemption has commenced, have risen more nearly to a specie basis, have improved in their credit, bank-notes will also improve in their credit.

One other remark I should like to make in this connection. If I made myself understood yesterday in the idea that on a true basis currency must be resolvable into property in order to be sound, it follows that the idea of fixing the amount of currency *per capita*—of basing it upon population—is erroneous. You cannot say that, because a community has required, at a given time, a certain amount of currency, that therefore you can infuse into the mass of currency so much per head of Government credit which has been made by law a legal tender; because currency is regulated in respect to its needs by the laws of industry, and in connection with improving its value comes the stimulation of industry by producing more property, which only can be done by greater industry and greater economy both on the part of the Government and the individual. Each man must do his part to restore the currency of the country to its proper basis. And that explanation, if I have made it clear, points out one difficulty of resumption.

Now, then, how to resume is a very much more difficult question. It may be done, I think, by one of two processes: First, the extinguishment of the legal-tender notes, which, as I said yesterday, are pure credit, and by placing under them property which they purport to represent, but do not represent; that is, by putting under them property in the Treasury, which must of course be gold. Then, as the currency rises, if we find when we are approaching specie payments that we have more currency, coin, and paper than we need, the inevitable result will be that the currency which is exportable, and which is gold, will flow out of the country, and we shall lose it. If, however, we have not sufficient currency, gold will be retained here, because our trade requires it. Gold represents property. A piece of gold is like a basket or a pair of boots; it is the product of industry. If we have an excess of it, it will simply go into the channels of trade and commerce and be exported. If we resume specie payment with too much gold, the gold will go abroad. If we resume with too little gold, it will come hither.

Then suppose the Government should redeem its legal-tender notes, and it should be found that we have too little currency, what will be the result? National-bank notes will be issued to take the place of legal-tenders which have been canceled, and the exact quantity of gold will be retained, while if we have too much currency it will be reduced, because it will have to be redeemed in coin; and therefore the proper level will be reached and maintained. I think our position is very much like this: We have isolated ourselves in a lake, separated by an embankment which we have constructed between us and the ocean. If the embankment is removed, the level will be immediately regained; the average will be secured. If there is an excess, it will pass out into the great ocean of commerce, and the level will be reached. If we have too little, the deficiency will be made up from the same great reservoir.

The CHAIRMAN. Sometimes the cutting of a sluice from the lake to the ocean drains the lake perfectly dry.

Mr. COE. That depends upon whether the level is below the surface of the great reservoir or above it. I think, however, that figure is a perfectly just one in this particular.

Mr. FARWELL. What is your method for practical redemption at this time?

Mr. COE. We cannot conceal from ourselves the fact that practical redemption cannot be secured without trouble. It is not an easy thing to do. How came we where we are, is the first question. Clearly by an excessive issue of paper money in its various forms, which excessive issue is the instrument of excessive expenditure. We are able to expend just so much more, whether the dollar be false or true; so long as we expend it, it is the means of our impoverishment. In this way, while we have felt rich, we have expended money with great prodigality. The whole community has expended beyond what was really its legitimate income. In the next place, it has been expended by putting it into fixed forms of property, such as railroads, houses, and other forms which cannot go into commerce again by exchange. We have expended a greater amount here than the actual savings of the country would justify. Then, how are we to get back? By reversing our steps exactly. The practical question is, therefore, with what rapidity this reverse action shall take place—whether we shall go rapidly or slowly into resumption. Whether rapidly or slowly, we shall find it a hard, rough road. It is a question of manhood, as the war was a question of manhood. It is one involving self-sacrifice. To a large extent it is a moral question whether we have the manhood to go through with it or not. But just as surely as we commence the work, depending upon Providence, I am absolutely certain we shall find greater helps in every direction than we can now look forward to.

Mr. FARWELL. Is it a fact that in the last ten years the country has been in a prosperous condition in its industries, commerce, and agriculture, or not?

Mr. COE. I know the statement is frequently made that we have been in an unusually prosperous condition; but I think if you will examine the subject carefully you will find that very much of the prosperity of the last ten years has resulted from converting exchangeable capital into fixed capital; in other words, that a large amount of that prosperity has been the result of the creation of property, which under a solid basis would not have been done. The building of houses, of railroads, and other like great enterprises, has been stimulated by the inflation of the currency, causing a feeling in the community of great prosperity. I think in a very large degree these great enterprises have resulted from that feeling, which has kept the country in a condition that seemed to be prosperity; but I apprehend the result will be, when we come to resumption, that we shall find very much of that prosperity like that of a man who builds a house without money to pay for it; it is built upon credit. While the work has been going on he has stimulated a great deal of industry in the employment of mechanical and other resources in his vicinity which have contributed to the structure; but when the building is finished the question arises whether he was justified in making that expenditure. I think a great deal of the industry of the country has been employed in that way during the last ten years.

The CHAIRMAN. As I understand you, then, it would have been better if the industry and capital of the country had been employed in something which would have been consumed or eaten up rather than putting it in the form of these permanent enterprises of which you speak?

Mr. COE. I think we are a little ahead of time in many of these great enterprises. I think it would have been better if the industry of the country had been directed to the production of such things as would be exchanged in commerce, such as cotton, wheat, and other articles entering into trade and commerce.

Mr. MITCHELL. What you mean is that property has been put into forms from which it cannot be easily returned or exchanged?

Mr. COE. That is it.

Mr. FARWELL. I should like to hear an answer to my question whether the country has been prosperous or not in the last ten years.

Mr. COE. I could not answer that question directly without making the explanation I have made. To answer the question directly, industry has been very active and the country has been apparently prosperous, but I do not think it has been that solid prosperity which we should have had upon a specie basis.

The CHAIRMAN. What do you call the prosperity of the country? Does it consist in the employment of labor at remunerative rates, or in the employment of capital at high rates of interest?

Mr. COE. Neither one nor the other. The prosperity of the country is the same as that of an individual: if he makes a little more than he spends, if he saves a little every year, that is prosperity; if, however, he spends a little more than he makes, and gets into debt every year, he is not prosperous.

Mr. MERRIAM. I understand the result of the industry of the last ten years has been that men have bought farms, paid for them, and own them to-day, furnishing a basis for all future time for the labor of the country, and the increase of deposits in the New York State savings-banks from \$72,000,000 in 1862 to \$274,000,000 in 1872, an increase of over \$200,000,000. Would you regard that as an evidence of prosperity or not?

Mr. COE. Undoubtedly; unless in connection with it there have been entailed debts which

in future will add more to their embarrassment than the investments they have made will to their advantage. Your proposition as stated is undoubtedly true.

The CHAIRMAN. Let me ask whether, in your opinion, the ability of the Government to resume does not depend exclusively upon the question of its revenues?

Mr. COE. I suppose it does.

The CHAIRMAN. And the revenues of the Government depend entirely on the taxes imposed upon the citizens?

Mr. COE. Certainly.

The CHAIRMAN. Does not resumption, then, depend upon taxation adequate to the necessities of resumption?

Mr. COE. Clearly so. Now, then, (if you will allow me to go on,) having shown how the indebtedness of the country for these promises to pay has occurred, the only point is how we shall relieve ourselves of that liability in the best possible way. Another difficulty in inconvertible paper money has been that we have expended a larger amount of it to produce the same result than we should have done upon a specie basis, and have therefore increased the debt. The question of resumption, then, finally comes to this: whether we shall resume by increasing the amount of gold in the Treasury, having placed the national banks upon a solid foundation, or whether we shall do it by funding these notes into a debt, or both. My impression is that both means would facilitate the result.

Mr. MERRIAM. What would be the best means of practical redemption for banks before we resume specie payment?

Mr. COE. I have read the bill, which passes under Mr. Merriam's name, for practical redemption, and it has struck me very favorably as a practical measure calculated to promote the result.

Mr. FARWELL. Let me ask you your opinion of the effect upon the money-market, in the large commercial centers, of removing all restriction upon the rates of interest.

Mr. COE. That would undoubtedly produce a favorable result. I think it would make money cheaper.

Mr. FARWELL. You recommend, then, that some provision be made, leaving the banks free to charge such rate of interest as money will bring?

Mr. COE. I should recommend that, unquestionably.

Mr. FARWELL. Please explain to the committee how the banks really get more than 7 per cent. under the present laws, when money is worth more.

Mr. COE. Almost every bank under the present system has a certain number of what are called customers—persons who deposit their money with them. When the directors meet for discount and the paper offered is presented to them, they take into consideration, first, how much have they to loan; secondly, how many offerers there are for it. In taking these offers one by one, let us suppose that one customer has an average deposit of \$10,000 in the bank. He has a discount, say, of \$10,000 already; he offers \$20,000 more. The bank loans him the twenty thousand, making an aggregate loan of thirty thousand on which interest is paid, but really ten thousand of it is a loan back to him of his own money. Another gentleman, who has an average deposit of \$5,000, has already a loan of thirty thousand. The board will say that the latter has no claim to any more; that the first man may have all he then asks for; the second nothing. Of course the character of the paper comes into consideration; but I am now supposing that both are equally good. In this way the bank actually receives more than 7 per cent. by loaning to its customers in part their own money on deposit; and for that reason offers are rejected of equally good paper as that discounted, because the person making the offer keeps no deposit in the bank.

Mr. Merriam's bill, I think, provides that so much money shall be kept in the Treasury of the United States as a redemption-fund, and that national-bank notes, as fast as they are presented by any person holding them, shall be paid by the Government, and that this 5 per cent. fund for redemption shall be constantly renewed and kept for that purpose. It strikes me as a happy idea, because, the Treasury being always available, redemption will take place; while the Government itself, having the securities of the banks, is amply protected.

Mr. FARWELL. Please state whether, with that arrangement for redemption, there is any objection in your mind to giving the banks the additional 10 per cent. of currency on the par value of the bond.

Mr. COE. I think that would be unfair to the Government; because the *onus* is imposed on the Government of taking care of these notes under any circumstances.

Mr. FARWELL. The Government assumes that in any event.

Mr. COE. That is true, but they have 10 per cent. margin to do it with.

Mr. FARWELL. Mr. Merriam's bill adds 5 per cent. to the 10 for redemption.

Mr. COE. But that 5 per cent. is a variable quantity, and I should not regard that.

Mr. MERRIAM. I should like to know your views as to the danger of free banking in connection with this proposition.

Mr. COE. By free banking you mean a removal of the limitation which now exists upon the amount of bank-notes which can be issued. I suppose the redemption of bank notes in the way spoken of will operate to counteract any tendency to expansion by the removal of the restriction. The present law, which makes bank-notes substantially a legal-tender in respect to the indebtedness of banks to each other, and in respect to debts due them from

the public, often causes great inconvenience. For instance, in my own bank, when I left home, so large an amount of national-bank notes had accumulated that we were selling them at one-eighth or one-sixteenth per cent. discount. Now, if we had the power of going to the Treasury of the United States and exchanging them for legal-tender notes, we could do that every morning, and the tendency of the proposed measure would be toward the contraction of the national-bank currency rather than to its expansion.

Mr. PHELPS. Why would you rather have a legal-tender note than a national-bank note?

Mr. COE. Because they are by law made the basis of our business, and in making up our statements the bank appears to better advantage with a large reserve of legal-tender notes.

Mr. PHELPS. Then your only reason is in the provision of law requiring the reserve of legal-tender notes?

Mr. COE. There is no other substantial reason.

Mr. PHELPS. And a private business man would have no object in retaining legal-tenders rather than bank-notes?

Mr. COE. I do not think they are held by private parties to any great extent. They float naturally into the banks; and with this provision of Mr. Merriam's, redemption would be going on continually.

Mr. PHELPS. If, under these circumstances, your banks would be eager to make the exchange, why are not legal-tenders demanded from the banks themselves in exchange for their bank-notes?

Mr. COE. The principal reason is that our banking currency is issued by two thousand national banks, and the mechanical labor of selecting the notes of each individual bank, and presenting them for redemption, would be so great that it would not be worth the trouble. We are doing it through our clerks to a limited extent; but no individual bank can afford to go through the labor of the separation of so great diversity of notes as exist.

Mr. HUBBELL. If Mr. Merriam's bill should become a law, the national-bank notes, on reaching New York, would be redeemed?

Mr. COE. Almost immediately.

Mr. MITCHELL. You admit that legal-tenders are in no way superior to national-bank notes, except in their artificial value, produced by their being made legal-tenders, and other advantages incidentally flowing from that?

Mr. COE. I do not think there is any intrinsic difference; and, if there is any, it is in favor of bank-notes.

Mr. MITCHELL. Do you think there would be any motive outside of the banks in presenting these bank-notes for redemption? How can an effective, healthy system of redemption be carried on when there is no motive on the part of the public generally to assist it?

Mr. COE. That is one great difficulty.

Mr. PHELPS. In order to make redemption practicable, the thing to be redeemed must be a great deal more valuable than the thing redeemed. Now, there is so little difference between the value of bank-notes and legal-tenders that the trouble will be in making the exchange. In other words, is there not too much risk when, by free banking, an unlimited number of bank-bills may be sent out, that they will stay out while they answer the purpose of money, and are just as valuable as legal-tenders?

Mr. COE. It must be confessed, in answer to that question, that this whole business is one of patch-work. You must remember that we are not on a specie basis. We are proposing one expedient to cover another. But I do not believe that, as long as legal-tender notes are given superiority over bank-notes, by requiring the banks to keep them for their reserves, the banks will retain them, because a bank having a large reserve of legal-tenders is regarded as a stronger institution.

Mr. FARWELL. Suppose we repeal the law requiring the banks to keep any reserves at all.

Mr. COE. I think then the motive for redemption will have passed away, except so far as the public have been educated to the idea that a certain amount of legal-tender reserve is an indication of strength. Intrinsically there can be no difference.

Mr. MITCHELL. We have now in circulation three hundred and seventy or eighty millions of legal-tenders against three hundred and fifty odd millions of national-bank notes. Is it your opinion that a circulation of one or two hundred millions of bank-notes in addition could be sustained with this basis of legal-tender notes for redemption?

Mr. COE. At present there is absolutely no redemption, and therefore it makes no difference what amount of bank-notes may be afloat, so far as redemption is concerned.

Mr. MITCHELL. Assuming that there is an effective redemption, is it your opinion that, with the present amount of legal-tender notes, a largely-increased bank-note circulation could be sustained?

Mr. COE. My impression is that the tendency would be rather to diminish than to increase the quantity.

Mr. MITCHELL. When coin was the basis of circulation, was not a large amount of currency in excess of the amount of coin safely kept afloat?

Mr. COE. Yes, sir.

Mr. MITCHELL. Then, may we not maintain an equally large amount of circulation in excess of the legal-tenders?

Mr. COE. I do not know but what we could. It would depend entirely upon the state of trade. If we were under a specie system, there would be no difficulty. I do not think your question could be answered with any certainty; it would be a matter of experiment.

Mr. PHELPS. Has not experience shown that in banking upon a gold basis you can with safety issue three or four times as much paper as you have gold with perfect safety? And is it not, therefore, fair to presume that with a legal-tender basis you may safely keep out three or four times as much circulation as you hold legal-tender reserve.

Mr. COE. There is this difference: the Bank of England, or any other bank upon a specie basis, when it has discounted notes, has issued that which represents coin, or its equivalent in the commerce of the world. The bank, therefore, in its discretion has only to contract its loans, and immediately the 75 per cent. which has been in circulation comes back into its vaults in gold or its equivalent. Now, then, the difference between coin and the legal-tender note is this: that coin is always at hand for any person or any nation which has the property to give for it. I can issue one hundred bales of cotton, which is in fact so much gold, and I receive the same equivalent for it as for so much gold. But currency based upon paper which is not redeemable has this difficulty, that your replenishing has to be done within your own country; and when you want to contract and draw in the 75 per cent. of circulation, you have not the world to draw from; you have only your own country.

Mr. MITCHELL. You have 75 per cent. of bills receivable which are as likely to come in as under a specie basis?

Mr. COE. Not so likely; because they are based upon property not so resolvable.

Mr. PHELPS. Your proposition resolves itself into this: that if a man does not buy with gold he does not buy the same thing as if he had the gold.

Mr. COE. It may be that you are right; I do not insist very strongly upon the point I make. I think there is a difference, although perhaps not a very great difference.

Mr. MITCHELL. You have said that one way to return to specie payment was a gradual withdrawal of the greenbacks. Suppose this process is commenced, the greenbacks being the basis upon which national banks rest, the gradual withdrawal of the greenbacks and substitution of coin will go on until the banks themselves are on a specie basis?

Mr. COE. That is inevitable. Then, in regard to the question of free banking; whether the result will be to expand rather than to contract the currency, as I said before, is simply a question of experiment. My impression is that the tendency would be to contraction; but it is merely a matter of opinion, which can only be determined by actual experiment. I am simply governed in my opinion by the law and by our experience of the rapidity with which bank-notes accumulate in our banks.

Mr. MITCHELL. That relates, however, only to the banks of New York City. The country will absorb the bank-notes as readily as they will legal-tenders?

Mr. COE. There is a difficulty in that question which will be answered differently by different persons. My own impression is that if you will allow the two systems of free-banking and practical redemption to go out together, the volume of currency will regulate itself. Mr. Merriam's plan of redemption furnishes such facilities for redeeming bank-notes that in my judgment the provision for redemption will be fully equal to that of expansion under a free-banking system, and that one will counteract the other.

Mr. MERRIAM. Are there not times when we have not currency enough? For instance, in New York City, when five millions were locked up by the brokers, very great demoralization in commercial circles occurred. Was not that evidence that we have not currency enough, particularly at the season of the year when we are moving southern and western crops?

Mr. COE. If I am right in my opinion that your proposition for redemption in the form indicated in your bill will operate to contract the currency rather than to expand it, then it is very clear that, allowing the measure for redemption and for free banking to go out together, the currency will regulate itself. While the crops are being moved it will expand, and afterward it will return again to the banks which issued it. If, on the other hand, Mr. Mitchell is right, that the tendency of free banking will be to absorb the currency, then of course the whole measure of redemption is a bad one; but, assuming that measure to be good, as I believe it is, it will result, as you state, in supplying just the amount required for the trade and commerce of the country when wanted.

Mr. MERRIAM. Under this plan of redemption you are not afraid that it will reduce the reserves below what the law requires?

Mr. COE. I am not; from the fact of the banks being compelled to redeem, which will necessarily compel them to preserve the ability on their part to redeem.

Mr. FARWELL. Was it not a fact that, during the late panic, private banking institutions maintained their positions equally well with national banks? In other words, does your experience all go to show that this reserve requirement of the Government is nugatory and not all necessary?

Mr. COE. It is necessary either as a self-imposed law or as the law of the land. My experience in banking is, that no institution in a large commercial city can conduct its business safely unless it has at least 25 per cent. reserve on hand. The only thing that can just-

ify such a requirement on the part of the Government is that these corporations are the creations of Government, and, being artificial persons, it is entirely legitimate, when the Government gives them their living power, that it should impose such restrictions as the whole community may regard as safe.

Mr. FARWELL. Does the Government confer any powers of any nature or description upon these associations of persons for banking purposes?

Mr. COE. It gives them the power to issue and circulate their notes.

Mr. FARWELL. Outside of that what privileges or immunities are guaranteed by Government?

Mr. COE. Nothing that I know of. It imposes the restriction referred to as to their liabilities.

Mr. FARWELL. I am speaking of the privileges conferred by the Government.

Mr. COE. None in the world that I know of outside of that of circulating notes. The principle you lay down is that the right of the Government to restrict has the concomitant one of privilege. It has conferred nothing, and therefore it should restrict nothing.

Mr. MITCHELL. Do you think it is wise for the Government to require this reserve to be kept on hand?

Mr. COE. I have never supposed the restriction in respect to the reserve was of any consequence in any well-regulated bank. Any properly regulated bank will always exceed the amount of reserve required by the Government. Therefore I have never considered that restriction onerous or of any consequence at all.

The CHAIRMAN. Please state whether you think it not wise to restrain unskillful and imprudent persons from conducting national banks in an unskillful and imprudent way.

Mr. COE. I think it is. I do not believe, as I read the law, that the reserve required was intended to be an iron restriction of so much per cent. You perceive that the penalty for non-observance of the requirement allows thirty days to make up the reserve. That seems to belong to the nature of the case, and it implies the general principle that 25 per cent. for cities is a proper reserve. But to make that or any other percentage an iron restriction is nonsense. I repeat that the general provision, I think, is a wholesome one. In the panic of 1857 our banks in New York all came together and resolved sacredly never to allow our reserves to run down below 25 per cent. The question simply is, in doing a certain amount of business, how much cash in hand does prudence require. The same question applies to you as a business-man as to me as a banker; the difference being that with you the reserve is a deposit in the bank, while with us it is one of so much cash on hand.

Mr. MERRIAM. Is the requirement of reserves under the present law, which is seldom enforced, and which practically involves no penalty, as effective as the requirement of practical redemption would be?

Mr. COE. This reserve now restricts two classes of debts: currency and deposits. A reserve required simply for redemption would be comparatively small, and the actual requirement of a reserve is really for the protection of deposits.

The CHAIRMAN. Is there much necessity under the present banking law of looking out for the note-holders? Are they not abundantly secured by the Government, the Government being in its turn secured by the bonds deposited?

Mr. COE. That is certainly true.

Mr. HUBBELL. And therefore the reserve is only required for the protection of the depositors?

Mr. COE. Certainly. In other words, when you get below your reserve you stop discounts, but you do not stop paying checks.

Mr. MERRIAM. Would it not have a good effect in stimulating redemption if we should repeal the clause which allows the payment of indebtedness of one bank to another in bank-notes and require it to be made in legal-tender notes?

Mr. COE. It would stimulate redemption to a certain extent.

Mr. MERRIAM. But would it not lessen the value of bank-notes as a universal medium of circulation in every part of the country?

Mr. COE. No; the safety in taking them would be greatly enhanced, from the fact that you could turn around and put them into the Treasury for redemption. The great difficulty in carrying out that provision now is the mechanical labor in separating the bills of the different banks. The one great idea in the formation of the present banking system was that of securing uniform currency which should circulate everywhere, and the notes were, therefore, made to bear a common likeness.

Mr. PHELPS. Do you think of any way, aside from redemption in gold, of making legal-tenders more valuable, so that the tendency to redeem upon the part of the holder of bank-notes would be stronger?

Mr. COE. That is a very difficult question to answer. Our whole legislation in regard to currency is a matter of patch-work. The currency itself being abnormal, it is a question of expediency as to whether you shall put a patch on here or there; and every time you make an effort to remove one difficulty you create a new one which was unforeseen. I do not see at this moment what quality you can give to legal-tenders to make them more valuable than now except by their redemption in coin. They are now a legal tender for all debts.

Mr. HUBBELL. You might make them receivable for duties.

Mr. COE. That would be to convert them into specie, and the thing you aim at is not to bring your funded debt down, but to bring the national currency up. The national debt is all right, being payable in coin, and that constitutes its greatest value in the world. The Prussian government, which has done the most flattering thing ever done for this Government, by investing \$20,000,000 of the French indemnity in it, does not want your legal-tender notes and would not take them. I can conceive of no way of making legal-tenders valuable except by their redemption.

Mr. FARWELL. You stated that you were in favor of converting greenbacks into bonds at the option of the holder. I ask you now if you are in favor of the converse proposition?

Mr. COE. I am not. In other words, I have a certain amount of legal-tender notes which I want to put into bonds, with the condition that when I want the notes I can receive them again, which means that when I have no use for my legal-tender notes I place them on interest, and when I want them again I get them, but the interest stops. I can see no sound reason for making the Government pay interest on idle money, provided they do not convert the money into a debt. The great difference between the two things is that everything that bears interest is a debt. But to convert this legal-tender money permanently into interest-bearing security by funding it, and looking toward its cancellation, would, in my judgment, be wise; but I cannot see any practical good coming from the temporary conversion or reconversion. The difficulty is that bonds would be just as absolutely money with me when I have a certainty of converting them at pleasure into money as if they had remained all the time in currency.

Mr. FARWELL. Would it not be a measure of contraction?

Mr. COE. It would to a certain extent be a measure of contraction; but I repeat that the bonds would all the time be practically just as much money as if the currency were actually in my vault.

Mr. HUBBELL. What quality, in your judgment, of these bonds would be taken up by the people in case such a measure were adopted?

Mr. COE. If you allowed the banks to hold these bonds in the form of interest, as a part their reserve, of course a very considerable part of it would be so invested. They could safely consider that a part of their reserve, because the interest-bearing notes could at a moment's notice be converted into currency. I suppose that the amount so invested would probably be from \$75,000,000 to \$100,000,000 by the national banks.

Mr. MERRIAM. How much would be retained by the savings-banks?

Mr. COE. My belief is that \$150,000,000 would cover the whole thing.

Mr. HUBBELL. Why could not, say, 75 per cent. of the amount be invested in gold-bearing bonds and then cancel the bonds?

Mr. COE. That would amount to funding and final cancellation of the legal-tender notes.

Mr. HUBBELL. I mean take the notes, buy bonds, and cancel the bonds?

Mr. COE. If the notes were reissued, that would increase the currency just to that extent.

Mr. HUBBELL. As a financial measure for the Government, would it not be a good one?

Mr. COE. It would be a bad one. It would amount to converting so many gold-bearing bonds into so many new legal-tender notes, and, in my judgment, would be a ruinous policy for the Government.

WASHINGTON, *January 16, 1874.*

Mr. GEORGE S. COE again appeared before the committee for an addition to his statement.

Mr. FARWELL. I wish to ask Mr. Coe whether any resumption of specie payment can be successful while the balance of trade continues to be against the country?

Mr. COE. I suppose not. When the balance of trade is decidedly against the country, that balance can only be paid in the products of industry or must be paid in coin; consequently the depletion of coin would arrest specie payments.

Mr. MERRIAM. There has been submitted to me a section of some bill which I would like to have you examine and state your opinion in regard to it.

Mr. COE. After leaving the committee-room yesterday I listened to an interesting discussion in the Senate, continuing the same train of thought in which we are here engaged, since which I have been endeavoring to see wherein I have not been logically correct in my answers before this committee. In answer to a remark that, preparatory to any resumption of specie payments, the Government being a direct debtor for its own notes, and being a guarantor for the notes of national banks, like any other concern doing a large business, it must first relieve itself of any contingent liability before it can address itself to its direct liabilities, the question was asked me whether, in converting national-bank notes into legal-tenders, the process could not be stimulated if legal-tenders were by some means raised to a higher standard of excellence, so that one would be preferable to the other, and I was asked, further, whether I could suggest any means of raising the legal-tender to a higher standard. In thinking the matter over it occurs to me that that could be done by two methods—one by

the accumulation of coin in the Treasury, and instead of applying the excess to the purchase of bonds, as hitherto, to retain it as a reserve in the Treasury applicable ultimately to the redemption of the legal-tender notes. That would be one way of strengthening the legal-tenders and making them more desirable. Another way is this: A suggestion has been made that the legal-tenders should be, by slow degrees, converted into compound-interest-bearing notes or bonds, at the rate of two millions a month, or at whatever rate of speed you may choose to fix. This plan of compound-interest notes was adopted some years ago and worked practically well. Now, suppose you should pass an act making two millions a month of the legal-tender notes convertible into compound-interest notes, the compound-interest notes being a legal tender for their face value, then, as they should augment in value they would be gradually withdrawn from circulation and retained by individuals and by savings-banks and the banks of the country as their reserve, and being on their face legal-tenders, they would be paid out again whenever the necessities of the country should require, as gentlemen remember perfectly well was the case with the compound-interest notes which were issued some years ago. The effect of that would be to strengthen the legal-tender notes, and they would be still further strengthened by the certainty of their being redeemed in gold at some future time by the gradual accumulation of specie in the Treasury, while, on the other hand, having compound interest attached to them, their value would be still further augmented. In this way I answer the question how legal-tender notes may be made more valuable, so that it would be an object to convert bank-notes into them. In that way, it seems to me, we could set in motion a force which, by slow degrees, will raise the standard of the currency until it will ultimately grow into specie payment. In the mean time, if it should so happen that the country wants more currency, the free-banking system referred to yesterday would supply that deficiency, furnishing just as much as the country requires, so that while this system in its operation would lead to the ultimate extinction of the legal-tender notes, it will supply the country with whatever currency the necessities of trade and commerce may demand. I have placed my views in the form of two separate propositions. One is that any gold in the Treasury, after paying the interest on the public debt and supplying the necessities of the Government, shall be retained as a special reserve for the redemption of legal-tender notes, to be applied for that object when an amount shall have accumulated sufficient for that purpose. The second authorizes the Secretary of the Treasury to issue compound-interest notes not exceeding two millions per month, bearing 3.65 per cent. interest, which shall be issued in exchange for a like amount of legal-tenders, which legal-tenders are to be canceled, and which compound-interest notes shall be a legal tender at all times at their face value, and after three years, with the interest accumulated, shall be converted into 5 per cent. bonds of the Government, payable in gold. In other words, when these legal-tender notes have been exchanged for compound-interest notes, the latter will still retain their legal-tender character, and may never come back again into their former condition; and, as you see, the steps are progressing everywhere toward the ultimate resumption of specie payment. These suggestions are the only practicable ones that occur to me as the result of my reflection.

Mr. MERRIAM. Does it occur to you that this process requires sixteen years before you reach the ultimate redemption of the legal-tender notes?

Mr. COE. That would depend upon how much specie would accumulate in the Treasury in a given time.

Mr. MERRIAM. I want to ask you if the practical effect of this plan would not be to stop a threatened panic by throwing into the currency these compound-interest notes which are a legal tender at their face value, and which may be relied upon for that purpose at all times, in case of an emergency, to stop a panic?

Mr. COE. That is true, and is a reason why they are recommended. I want to say, however, that all these suggestions are in my mind connected with free banking. It is quite evident that you would strangle the whole business of the country if you attempted to withdraw the currency without providing a substitute; but I think that, taking these measures together, they will operate on one hand to provide a proper restriction, while on the other they will furnish the necessary currency under any circumstances.

Mr. PHELPS. Your proposition now is to issue 3.65 compound-interest notes which are to take the place of the legal-tender notes, and which are to be a legal tender at their face. Do you mean by that principal and interest, or simply at their par value?

Mr. COE. I mean principal without interest.

Mr. PHELPS. Then I would like to ask what would be the influence of this plan upon the gold-market—whether it would not have the effect of raising the price of gold which your scheme proposes to accumulate in the Treasury; whether it would not take from the supply in the country such an amount as would not leave a sufficient supply for the wants of importers and of commerce?

Mr. COE. I think not. Under the present system of taxation the excess of revenues would not be sufficiently changed to make the accumulation at all rapid. The process would be very slow, and I think its effect would be imperceptible so far as commerce is concerned, and the mere effect of the large accumulation of gold in the Treasury, I think all would agree, would increase the value of the mass of the paper currency of the country.

Mr. PHELPS. You state the amount to be exchanged each month from legal-tender notes to compound-interest notes as two millions. I want to ask what there is in that specific amount which constitutes a charm in your mind, or do you merely indicate that the process is to be slow?

Mr. COE. I would prefer to leave the amount in blank, and have only named two millions a month as a practicable sum. The exact amount proper to be substituted can only be determined by experiment.

Mr. PHELPS. Then, with this method of increasing the difference in the value of the bank-note and legal-tender note, is there not danger that if we take the limit of circulation from the bank-notes they would not be presented for redemption except by the national banks. So long as they are recognized as legitimate currency by the people and as perfectly secure, being guaranteed by the Government, would the people be likely to send them up for redemption?

Mr. COE. So far as they are concerned, probably not. With the public, I think, there is no preference between the two, one over the other, now.

Mr. PHELPS. Then, do you think the part which the banks play in managing the currency of the country is sufficiently important to make the redemption you provide for a sufficient balance for unrestricted circulation?

Mr. COE. I think the operation of the banks in respect to redemption is very much more active than it first appears. As a matter of fact almost every bank-note which comes into circulation passes through some bank two or three times a year, so that the banks will prove to be a sufficient agency in the country to perform this office, and a law authorizing the redemption, as I propose, would not stand upon the statute-book as a dead letter.

Mr. PHELPS. One other question in regard to the balance of trade. I wish you would state what, in your opinion, is the influence upon the course of trade of a country having paper money dealing with the others; in other words, whether the balance of trade must not always be against a country which uses paper money at home.

Mr. COE. The answer to that question will require considerable reflection. The effect of paper money in any country is to promote expenditure, and, of course, promoting expenditure, promotes importation of articles, especially into the country, of what may be called luxuries; and the tendency to an undue expenditure, when articles are to a great degree imported, carries a balance of trade against the extravagant country; in other words, paper money tends to extravagance, because it supplies an abundance of money, while specie payment tends to economy; the result, therefore, unquestionably brings the paper-money country in debt to the other; that is the natural result of an extended currency.

Mr. PHELPS. Would you be willing to resume specie payment with the balance of trade against us, relying upon the principle you have just enunciated to change the balance of trade?

Mr. COE. I would, with sufficient resources. Of course that would depend upon the amount of means with which the Treasury proposes to pay its outstanding obligations. I have no idea it would be safe to promote the elevation of the currency or make any such attempt without a large amount of coin in the Treasury, or without resources which would bring in the coin as required.

Mr. PHELPS. Now, as to the amount of gold which, in your opinion, the Treasury should have to make it safe to give notice that it will redeem its four hundred millions of promises—will you state what amount, in your judgment, should be on hand?

Mr. COE. The answer to that question must be purely hypothetical, and could not be stated correctly without going over again the ground we have been covering.

Mr. PHELPS. Why would you consider it more difficult for the Treasury to resume with a small amount on hand, than for the banks, under the old system, to continue specie payment with a small amount of specie in their vaults?

Mr. COE. In other words, you want to know why it is safe for a bank, with four to one of indebtedness, to continue specie payment, and not safe for the Government to do the same thing. The reason is this: The bank has within itself and represents absolutely, in the nature of mortgages upon property, that which is equivalent in commerce to the whole amount of its outstanding notes; the assets of the bank, properly managed, are all convertible into coin, and are absolutely as good as coin in the bank. Consequently if it has \$3,000 of debts so convertible and \$1,000 in coin, it can meet the \$4,000 of its notes, because, from the nature of things, not more than one-fourth the amount of the notes are likely to be presented at one time, and, if they are demanded, the bank has only to take the assets, which consist of bills receivable, and wait until they are mature, and convert them into gold; in other words, the bank has one part in cash and three parts in property convertible into cash, while at the same time these notes are performing the offices which the community require to be performed. That is the reason why a sound bank can expand to this extent, retaining its indebtedness in the shape which is almost immediately convertible into coin. Indeed, there is no limit to the proper issue of bank-notes, so long as banking is conducted on this plan, to this expansion under the laws of trade. Now why cannot the Treasury do the same thing? Simply because it has put out its promises to pay, without any property whatever in the Treasury to balance it, and when called upon to redeem its notes, it is without any provision for it. Except by taxation, it has no means of redeeming the three parts which

are out in the shape of indebtedness; no provision can be made for the 75 per cent. unless it is made by taxation. Whenever the Government will impose sufficient taxation to provide an amount of coin in the Treasury sufficient to redeem its indebtedness it will be as good as a bank, but until it does this there is the greatest discrimination between the notes issued by a government and a bank.

Mr. PHELPS. I wish to know whether we cannot derive from the banking systems of the world the necessary information by which we can ascertain what amount of gold the Government must have in its vaults to redeem in specie its four hundred millions of Treasury notes?

Mr. COE. People differ so widely upon that subject that I should hardly care to express an opinion, except to state the general principle. The exact amount must be left to the conjecture of every man. What we want is enough specie on hand to enable us to bring our currency into harmony with the commerce of the world. I can hardly say how rapidly these legal-tender notes would come in. It is very plain that, having been issued upon a deficiency of money, they have the effect of diluting the currency to their full amount. Suppose, instead of issuing paper money, the Government had adulterated its coin, infusing into it twice the amount of alloy, making two eagles out of one, the effect would be precisely the same as issuing paper money without having any equal representative in the Treasury. The stamp upon the paper money issued by the Government is not only a promise but an actual engagement on the part of the Government that when the time arrives they will restore it to its full value; and that would be the promise in case of the adulteration of the coin. Let me say, in answer to the question propounded by the chairman day before yesterday, that I am not specially in favor of the old State banking system. The national-bank system will answer the same purpose, and that is better, because it is national.

Mr. HUBBELL. In the plan you propose of issuing compound-interest Treasury notes in lieu of greenbacks, I understand that you also propose that these notes shall, as soon as possible, be exchanged for the same amount of gold.

Mr. COE. Not necessarily.

Mr. HUBBELL. Does it not contemplate accumulating an equal proportion of gold?

Mr. COE. That will be just as it happens; there is no relation between the two.

Mr. HUBBELL. What amount of gold do you propose the Government shall retain?

Mr. COE. My proposition is that instead of using the gold which comes into the Treasury, as at present, in buying bonds of the Government and canceling them, it shall be used for the redemption of these compound-interest notes. We have been purchasing our debt, which is payable with interest. I would let that alone, and would apply the excess of gold, as it accumulates, to increasing the value of the legal-tender notes.

Mr. HUBBELL. Then your plan is that the Government shall pay an equivalent of coin, and retain also the 3.65 notes, paying an interest on its reserve of legal-tenders. Do you think it worth while for the Government to make greenbacks available at that expense?

Mr. COE. Yes, sir; you understand that the legal-tender note is a forced loan without interest, and every dollar of coin you accumulate in the Treasury is losing to the Government the interest which it is saving on the legal-tender notes. A better thing, if it had been practicable, would have been to borrow every dollar required to carry on the war than to have issued any paper money at all. The whole system of paper money was entirely a war measure; it never would have been proposed except through sheer necessity, and is apologized for solely on that ground.

Mr. HUBBELL. In answer to Mr. Phelps's question as to the effect upon the balance of trade, when one government dealing in paper money is in commercial relations with the others, do you consider that this country has now an inflated currency?

Mr. COE. I do.

Mr. HUBBELL. By how much?

Mr. COE. That is a very difficult question to answer. You may be very sure of this criterion, that whenever the currency of the country is not convertible into gold at the discretion of the holder it proves inflation. It proves that we are out of harmony with the world's commerce, because we are out of harmony with the world's measure.

Mr. HUBBELL. Then why do you recommend free banking, which will keep in circulation the same amount of currency?

Mr. COE. For this reason: In the first place, it may be a question whether or not the laws of commerce will not bring down the currency to a proper volume. I believe it will. My own judgment is perfectly clear that free banking, looking to the extinguishing of legal-tender notes, will reduce the currency to where it may be convertible into coin, which is the great point to be obtained.

Mr. HUBBELL. Is it not true that some months ago the currency of this country was so inflated that you could not get a dollar of it?

Mr. COE. That was not because the currency was so much better, but because the bank credit was so much worse. Everybody was afraid the banks had not reserved enough of their deposits to convert into currency as it was required, and therefore they attempted to do it all at once.

Mr. HUBBELL. Is not the balance of trade between nations always settled in gold coin or its equivalent, without regard to the currency of either nation?

Mr. COE. That must be so of necessity. You cannot pay foreign debts in greenbacks. You must pay them in the export-products of industry or in gold.

Mr. NILES. Has not the balance of trade during the last five years been against us?

Mr. COE. This question of the balance of trade is a very difficult one to understand. I do not suppose, in the way our statistics are now kept, any man can state the real facts as to the balance of trade. The figures make it appear that the balance of trade is against the country, when in fact it is not. They don't take into consideration the question of transportation, of indirect exportation, or of many other expenses which go to make up the true balance; the question is a very complicated one. I suppose the real balance between this country and others is like any balance between yourself and myself. I owe you more than you owe me; you will demand payment, and there is no escape from it.

Mr. MITCHELL. I understand you to say that a depreciated currency in any country is calculated to beget extravagance and to produce a balance of trade against that country. Thus, if a country in that condition never brings its currency up to a true standard, it will be a very long time before a balance of trade will turn in its favor?

Mr. COE. Yes, sir; you will have to wait till eternity. Providence and the laws of trade are all against you.

Mr. MITCHELL. Then the only practicable method of turning the balance of trade in our favor is to elevate the currency to that standard?

Mr. COE. That is it. An inflated currency is delusive in its effects. We think we have money when we have only promises to pay, and it stimulates extravagance on our part.

Mr. MITCHELL. Are you aware that the statistics show a balance of trade very largely against Great Britain when they continued specie payment?

Mr. COE. That is true, and that is an illustration of the statement I made, how unreliable the statistics are as given to show the actual condition of facts. They are calculated to mislead rather than to assist one to come to a proper conclusion.

Mr. DURHAM. Mr. Low, who was before the committee, expressed the opinion that it would be desirable to allow 5 or 10 per cent. of the duties received on imports to be paid in greenbacks for the purpose of cancellation. What would you say to that?

Mr. COE. I should say it would be a good idea only inasmuch as it looks to the extinguishment of the legal-tender notes; but I think 10 per cent. would be too large a proportion. The process would be too violent. The method I suggested is another way of producing the same result of extinguishing the greenbacks by slow degrees. It is a mere question of the speed at which this can be safely done.

Mr. DURHAM. Would you recommend the receiving of the duties on imports in greenbacks?

Mr. COE. No, I would not. I think the stability of our national debt has been very fortunate in its results. Every Congress has recognized the necessity of maintaining the integrity of that national debt by carefully reserving all the gold received to meet it; and I should deprecate any measure looking in any way to the weakening of that obligation.

Mr. DURHAM. Suppose specie payments should be resorted to with the balance of trade running against us; could the national banks maintain themselves in that condition of things?

Mr. COE. The effect would unquestionably be that money would become a little scarce; every man would be compelled to practice economy in his personal expenses, and every man, therefore, would be stimulated to industry for the purpose of producing something to export and to supply the deficiency. The whole thing really comes finally to a question of work and of economy, whether applied to individuals or to a whole nation of individuals.

Mr. HUBBELL. If you consider the currency inflated, why are you not in favor of retiring some portion of it in payment of duties?

Mr. COE. For the reason that I stated; if we could restore specie payment without violence to the industries of the country, everything would return to its own natural courses; but we have now an extended currency, and our whole society is complicated with it. I think every true man would deprecate a destruction of the industries of the country; and therefore, in rectifying the currency, we must be careful to do it in such a way as will not break down established institutions of the country.

WASHINGTON, D. C., *January 16, 1874.*

S. B. CHITTENDEN appeared before the committee, and, in response to the chairman, stated that he resides in Brooklyn, N. Y.; is a merchant, and has been in business for thirty-seven years—thirty-two years of that time in New York.

The CHAIRMAN. Please state whether, in your opinion, there are any defects in our present banking system; if so, what they are and how you think they might be remedied.

Mr. CHITTENDEN. I did not suppose, Mr. Chairman, when I came here this morning that I should be asked any questions. Being a merchant, who has had absolute control of his own business for thirty-seven years, you must naturally expect me to speak in a very prac-

tical way. I shall probably occupy but a few moments with what I have to say in response to that question.

I firmly believe that all the legitimate business of the country is seriously—I had almost said hopelessly—demoralized, and that the demoralization comes from an irredeemable currency. I believe that while the present banking system may have been the best possible system in the exigencies of the war, and better calculated than any other to float an enormous national debt, it is now the great demoralizing influence to which I have referred. Banks are conducted by men just as commercial establishments are; and if my observation and experience are good for anything, there are no nineteen hundred associations of men to be found anywhere in the world (there are nineteen hundred national banks) that can be trusted for twelve years, more or less, to issue promises to pay where payment is never demanded. Such license necessarily results in a large proportion of cases in loose management and loss. I believe that of those nineteen hundred national banks there are not two-thirds of them sound to-day; I mean not two-thirds in number. In the vast proportion of them the capital is very small. I know, for instance, how one national bank was established, and I presume there were hundreds established in the same way. That is why I was so much astonished at the general drift of Mr. Williams's remark, because I have known him as president of the Metropolitan Bank of New York ever since the bank was established. I say I know a national bank of \$100,000 capital whose broker in New York purchased \$100,000 of Government bonds and paid for them. The owners of the bank furnished the margin between the 90 per cent. in currency which they were allowed on the deposit of the bonds and the cost of the bonds, and that margin was all the capital that was ever put into the bank. The broker sent the bonds to Washington, got his 90 per cent. on the dollar in currency, and got the margin from the gentlemen who established the bank. That bank, in the late crisis, was one of the first to suspend, but resumed again shortly, and is going on as before. It has a banking-house which cost over \$30,000, and it issues certificates of deposit bearing all rates of interest up to 7 per cent., and perhaps more. I instance that case. It cannot be new to gentlemen here. The point I make is that the system is of necessity a demoralizing one, and that you are to-day confronting a question which perplexes and dissatisfies the whole nation, and that the reason of it is that the Government is the foster-father of a large number of just such institutions as that. While under the law there are many national banks which are legitimately conducted and are sound and useful and should be encouraged, there are, on the other hand, very many national banks that are insolvent and should be put in liquidation. The case is as simple to me as would be the case of my having two children in the house, one living and the other dead. I would bury the dead, and I would nourish and encourage the living. Such I believe to-day to be the present condition of the banking system. I was a bank-director in New York until the bank made its first dividend out of its capital, having no profits to divide. Notwithstanding my protest, eleven of the twelve directors insisted on making a dividend, and I resigned. It was a bank which I helped to establish under the old safety-fund law. That bank is still in existence in New York State. Now, I believe that Government has too much to do with the banking system of the country, and that the matter should be remitted to the people. It is the duty of the Government to provide an absolutely safe circulation. I do not believe that the people of this country will ever again consent to have any paper circulation that is not secured by the Government, (whether that should be by greenbacks or by bank currency I have no opinion to express at present.) But my judgment drifts directly to this point. I assume that it is incontrovertible that the honest, legitimate business of the country is demoralized and almost hopelessly so, and that it will go from bad to worse until we have a redeemable currency. I assume that a large proportion of the banks are unsound. I believe that a bill appealing to the simple, ordinary laws of business, the laws of supply and demand, (such a proposition, in general, as my friend Mr. Freeman Clarke made two or three years ago under the name of free banking,) a proposition that is so easily understood, would commend itself to the country. I would pass a law to-morrow, if I had the authority, according in substance with the bill which Mr. Merriam introduced last December. I read it for the first time a week ago in the Journal of Commerce of New York, and, if I read it correctly, it proposes to abolish all restrictions on the national-bank currency, and to permit all the banks to issue without limitation, requiring deposits of Government securities for their circulation, as under the present law. It also proposed a method for the practical redemption of this rotten, irredeemable, ragged currency in legal tender. The first proposition alone will probably enforce redemption. The moment you remove restrictions on the amount of circulation, the banks will not hold, as they do now, national-bank currency locked up in their vaults for the benefit of other banks that are at liberty to issue currency without limitation. But the two propositions are better together. Let the restriction on the circulation be removed, and let effective measures for its redemption in legal-tenders be instituted, and I hold that we shall secure the end desired, without entering into the complicated question which Mr. Phelps invited Mr. Coe to answer. That question, as I understood it, was, How will you make the legal-tender so much better than the bank circulation as to induce the presentation of the latter for redemption in legal-tender notes? Now, I think that the ordinary laws of business answer that question. If there is too much currency—if the Metropolitan Bank, for

for example, has to-day half a million of the circulation of the Bank of Commerce, and has no use for it, it will send it in to the Bank of Commerce, under that law, and get its legal-tenders in exchange, and so you have a contraction of the currency to the amount of \$500,000. Mr. Williams will send this half million in for redemption, not because the legal-tender notes are any more secure than the national-bank circulation, but because while he holds the national-bank notes he loses the interest upon them, and because he knows the Bank of Commerce makes the interest. He therefore will not keep its circulation in his vaults for the benefit of the Bank of Commerce.

I believe that the present amount of currency in the country is beyond the requirements of all the legitimate business that will be done in 1874. We have diminished the building of railroads by six or seven thousand miles per annum, and the great industries that depend upon the construction of those railroads, the ordinary labor, the iron, the steel, and the car-factories, and the interests that depend upon them, are certainly checked temporarily; and until the building of these roads is resumed we will not want so much money. Most individuals are economizing in domestic matters; some from necessity, others on principle. Nothing but industry and economy can ever restore the country to a sound and prosperous business. I employ a million and a half capital in my business. I have never been obliged to go upon the street to raise money at above 7 per cent. interest, and yet I have not made a dollar these last two years, and I never expect to make another until the Government has remitted the banking business to the people, except only so far as making a good currency is concerned. I believe that banking has no more right in these halls than my business has, except only as before. I think that all discussions about distributing currency are just as ridiculous as it would be for somebody to propose a bill that Mr. Claflin or Mr. Stewart may send \$25,000 in silks to Louisiana and \$50,000 of silks to Massachusetts. If you legislate on such principles, if you are consistent and persist in them, you must say how much goods Massachusetts should manufacture to be exchanged for the currency permitted to be circulated there, and how many bales of cotton Louisiana shall produce and send out in exchange for the currency permitted to be circulated there. If Congress would pass Mr. Merriam's bill, or something like it, and then postpone the subject of finances for six months, it would get new light. The moment you attempt to go to the bottom of this thing, and to construct a system from the foundation to the topmost stone, you find that no two men agree about it; no more than they did in the discussions of the question of slavery from the foundation of the Government until the first gun was fired at Fort Sumter, when that settled it.

The statesmanship, intelligence, and brain of the first men that the country ever produced were all exercised in vain to produce a unity of sentiment in regard to slavery. It is just as useless to attempt to construct a complete system now which shall redeem this country from the curse of an irredeemable currency. You have got to begin somewhere, and hence I am quite certain that you ought to begin with the great demoralizing influences of the national banking system. In that you will find an amount of insolvency that will be a new revelation to the whole country. I have no hesitation in predicting that if Congress passes a law—call it free banking, or what you please—enforcing redemption and letting the circulation go free on the deposit of Government bonds, you will have a large contraction of the currency, and you will have a number of the present national banks going quickly into liquidation one after another. You will by such a bill separate the good from the bad, beginning in the right place. The currency too, under such a law, will expand and contract according to the law of supply and demand. In this coming summer, with the present diminished industries, the currency will contract very largely. It must necessarily do so. There are certain portions of the country where they want the currency, and where it can be used very profitably, and some people will take it there and establish banks there. But in New York City the national-bank currency is to-day a great burden, and is becoming more and more so. I think it quite possible that the \$14,000,000 of increased deposit last week, and the \$10,000,000 of increased deposit the week before in New York, will go on for the next six or eight weeks to a point which will change the whole course of the argument on this subject. I believe that the business of New York City this half year will not be more than 65 per cent. of what it was last year; and from all I learn from my correspondents through the country, I should say that there is at least 30 per cent. less currency being paid out in the aggregate than there was a year ago. Nevertheless, we have just the same amount of currency, and \$44,000,000 more legal-tender threatened, involving new bank-credit power of about \$220,000,000; all this in connection with the suppression of railroads and the diminished business. Now, this policy will do one of two things: it will break down quickly of its own weight, or it will produce a degree of expansion and speculation in the country which, in its culmination, will carry with it not only all the insolvent concerns that have been bridged over in this late panic, but also ruin everybody who is unfortunate enough to be found in debt when it comes. On the other hand, if Congress were to notify the people of this country promptly that banks hereafter, except in regard to their circulation, were to be left, like merchandise, to the intelligence, enterprise, and integrity of the people, and that Government would take its hands off them as soon as possible, and begin by the simple process which Mr. Merriam's bill proposes, we should have contraction of the currency for the present; and when it is wanted for legitimate purposes it will expand again. This restoration of the currency and banks to a sound basis is like building an immense cathedral. You must

have solid ground before you lay the first stone. I would therefore begin with a law touching national banks which would be sure to separate the sheep from the goats.

Mr. MERRIAM. In case we should legislate to authorize the Government to loan national and savings banks, in a time of public exigency like the last crisis, say 90 per cent. of bonds deposited, would that be of any great advantage in stopping a panic?

Mr. CHITTENDEN. Some elasticity to the currency is absolutely necessary in a panic. My method would be the simplest and the easiest comprehended by everybody. I have noticed various propositions of this sort, and they are complicated. They are not so simple as the one which admits absolutely of freedom. I want to say one thing of this absolute removal of limitations on the circulation. The removal of limitations on the issue of currency based upon United States bonds must be perfectly harmless. There can be no excessive issue in the existing state of things in regard to bonds. I know a trust company in New York which, about three weeks ago, wanted to buy a million of United States bonds. They were two weeks in buying them, and the bonds advanced within that time $1\frac{1}{2}$ per cent., and were very rarely obtained more than \$10,000 at a time. There is just exactly the same danger, if you make this thing free, that people who own United States bonds, or who have the means to buy them, will recklessly buy them, and go to banking illegitimately, as there is that merchants will do their business illegitimately with solid capital. United States bonds are not so available at any reasonable price as to tempt any person to invest in them carelessly for the purpose of banking. You will find numerous cases where banks will prefer to sell their Government bonds rather than keep their circulation out. But at any rate, with practical redemption secured, you cannot get an excessive currency based on United States bonds. The issue of currency on this plan cannot be beyond the legitimate demands of business. It is not a speculative basis. A United States bond is the next thing to gold, and a currency based on it, and redeemable in legal-tender, cannot be unduly inflated, provided your legal-tender is taken care of. Looking at it in a simple business point of view, if I have United States bonds, I know that they are good security. And the people who own them are especially convinced of that. The savings-banks have not any United States bonds to spare. Those in New York have too many city bonds which are under par and too few United States bonds, and their tendency will be rather to increase the latter, because their deposits are very large.

Mr. MITCHELL. To use your own illustration, you want to start on a good foundation. The present foundation of bank circulation is in round figures \$400,000,000 of greenbacks. Under free banking, is not this foundation capable of sustaining a vast increase of bank circulation?

Mr. CHITTENDEN. Four hundred millions of greenbacks (if I understand the drift of your question) is more than ample to redeem four, five, or six hundred millions of national-bank notes circulated in all parts of the country. There are no gentlemen who propose a resumption of specie payment who can tell what proportion of gold is needed. It is certainly not more than one-half to two-thirds of the circulating medium. I think that Mr. Coe's statement of that case was very clear. But when you come to the paper, if you assume that your bank circulation will increase \$200,000,000, even then the \$400,000,000 of legal-tender notes will be amply sufficient, especially if you apply all the other bank reserves than the 5 per cent. to redemption. It is the bank reserve that taught Fisk and Gould how to break the banks at pleasure. If you remove the bank reserves, and let the \$400,000,000 of legal-tender notes go free as a basis of redemption, it will certainly, for the present, contract the national-bank circulation.

The CHAIRMAN. You spoke of national banks being established on an unsound basis, and you instanced one which was started on the margin between the price of the bonds deposited for circulation and the amount of the notes. What injury results from such an establishment of a bank, and to whom?

Mr. CHITTENDEN. It may be said generally to have a very demoralizing influence. It is as if I should indorse a note of some trickster or adventurer, making his note good simply because I indorsed it, while everybody knew that the moment my name was off from his note it would be good for nothing. But still, by the fact of my indorsing it, he is held up before the community as a responsible person. But a better answer is that this bank established on a capital of \$30,000 had all the authority of a national bank. The poor minister's widow who had \$50 to deposit said to herself, "Here is a national bank, and it is a safe place for me to deposit my money." And so the Government supports a vicious system, to the great loss of depositors.

The CHAIRMAN. The common understanding and popular mode of dealing with it is to say that the note-holder is protected and the Government is protected, and that all the depositors must take care of themselves. You think that that is not a sound proposition?

Mr. CHITTENDEN. I do. If Government is father of nineteen hundred national banks, it should make them all good all the way through. If it stands responsible for them, or if the public assume and believe that it is responsible for them, the Government should protect them.

The CHAIRMAN. Have you given any thought to the postal-savings system?

Mr. CHITTENDEN. I have not. I have read carelessly the address of the Postmaster-General on that subject; but I have formed no opinion about it.

The CHAIRMAN. Please tell us whether, in your opinion, the present rate of interest in the country is or is not too high, and whether you think there should be any legislation looking to the regulating of it.

Mr. CHITTENDEN. I believe that all the usury laws might wisely be dispensed with. I believe that the atmosphere and resources of this country are free, and that the freer they are kept the better. I think that the business of the country at this hour is perplexed and surrounded by difficulties, because people are looking to Washington to meddle with everything. They want Congress to build railroads, to transport grain, (in the face of a reduction of nearly one-half the price of freight on the railroads within five years, in spite of the inflation of the currency,) are asking from Congress every strange and improper thing, all based upon the theory that there is plenty of money at your disposal. As a Kansas man said yesterday in Baltimore, "You have plenty of money East; we want money out West;" and swinging his arms wildly, he said, "We have got a great abundance West, and we must have cheap money." Specie payment, he said, was a humbug. He used a little rougher language than my friend Mr. Williams did. Somebody asked him, "What have you got to buy the money with?" He replied, "I only know that we must have cheap money. I do not know how we are to get it." He is a fair specimen. The West has enormous resources, but every man who owns a farm out West feels as though his particular farm or his iron-mountain should be developed immediately. And he wants the Government to help him to develop it. All that the people of the country should ask is that Congress will let them alone. They will do their banking and will build their railroads; will mine their iron mountains and develop the resources of the country as rapidly as they can be legitimately developed. Everything in New York to-day is dependent upon what this committee is going to do. Stocks go up 2 per cent. in a day or down 2 per cent., according to some rumor. If this committee will agree to some simple thing, which will tell the people of the country that the Government will resume specie payment as soon as it possibly can, and that, for the rest, the legitimate business of the country is in the hands of the people, we shall prosper and go on prospering. But until Congress takes off its hands we shall certainly go from bad to worse.

Mr. HUNTER. Can you tell me why it was that the pork in the West this fall was so much cheaper than it was last fall, and cheaper than it is now?

Mr. CHITTENDEN. In the panic in New York my merchandise went down below specie basis. At the meeting at the Chamber of Commerce, when Mr. Low pressed his memorial for the resumption of specie payment on the 4th of May, I was offered railroad-iron at \$62 in greenbacks, which had cost \$64 in gold. I did not advocate all Mr. Low's propositions, but I advocated the principle on which they were founded. I said that of all the two or three hundred articles that I dealt in there was not one that I would be glad to sell at a specie basis; that we had endured all the pangs and trouble of resumption, and all we wanted was the liberty to act on that principle. Merchandise, iron, and almost all imports were down to the specie basis, and I presume that the panic affected raw pork materials in the same way.

Mr. HUNTER. Was there money enough at the opening of the hog crop this year to move that crop.

Mr. CHITTENDEN. I presume there was not at all points. That reminds me of Mr. Williams's proposition that this Government should undertake to discover how much circulation was needed by the increase of business in the country. Nothing more absolutely contrary to all business laws could possibly be proposed. This Government can no more determine the extent of the legitimate or illegitimate commerce of the country, its enterprises and its successes, than it can measure the waters of the ocean. And every time that an attempt is made to equalize things, it is a failure.

The CHAIRMAN. Mr. Williams's proposition was to have this thing done by a commission of gentlemen in New York.

Mr. CHITTENDEN. He did not say New York, I believe. Is it at all more improper that you should legislate as to the amount of merchandise which I may sell to Louisiana than it could be that you should undertake to distribute the amount of circulation which shall go there or shall go to Texas? Mr. Williams's proposition involved exactly that process. He wants the Government to go into it as a business, and to determine every three years how many railroads will be built, and how many coal and iron mines will be developed, and how much things will go down or up. It is impossible to do that. These things have all to be left to the native energies of the country. The reason why we are, nine years after the close of the war, further from the restoration of specie payment than we were nine years ago, is because the Government is the father of the banks and an irredeemable currency, and the energies of the people are suppressed and cramped and hampered, because everybody is looking and waiting to see what the Government will do.

Mr. HUNTER. If we had free banking, would not the Government be the father of the banks as much as it is now?

Mr. CHITTENDEN. I believe that if you passed a simple bill leaving the circulation to go free, with a stringent provision that 5 or 10 per cent. shall be kept on deposit in the national Treasury for redemption of bills, the revolution it will make will be such as to furnish a new departure and in the end result in a system of which the Government need not be ashamed.

Mr. DURHAM. On this question of equalizing the currency, do I understand you to say that if every national bank were established in New York and the New England States the circulation would be the same and the profits would be the same as if they were actually distributed all over the United States?

Mr. CHITTENDEN. No, I did not express any opinion with reference to the profits of banking.

Mr. DURHAM. I understood you said you hoped you were not ignorant of the question of the equalization of currency. Would it be equalized as well if all the national banks are in New York as if each State should have its fair proportion of them?

Mr. CHITTENDEN. As long as national banks exist let them be established wherever they are required. I would not have the least obstruction in the way of establishing a bank at any point. I only require that the circulation shall be based upon United States bonds, which circulation shall be wherever it is needed; but always practically redeemable in legal-tender, whether that be greenbacks or gold.

WASHINGTON, D. C., January 16, 1874.

Mr. JAMES BUCHANAN appeared before the committee and, in response to the chairman, stated that he resided at Indianapolis, Ind., was an attorney at law, and was also engaged in the loaning of money. He had prepared a bill which he proposed to have introduced into the House next Monday, and some sections of which he proceeded to read to the committee. The plan contemplated the establishment of depositories, at which United States bonds might be exchanged for notes, which notes might be retained by the borrower as long as he chose to use them, the bonds in the mean time remaining in the custody of the United States, and the interest accruing from them to be retained by the United States and passed to the sinking-fund account, until, with the other coin accumulating in the Treasury every year, the amount of accumulation reached \$400,000,000. The redemption of the bonds is to commence at the time when this \$400,000,000 is accumulated in the sinking fund. One-half of the amount, \$200,000,000, is then to be taken out of the sinking fund and distributed to these various depositories, in proportion to the amount of interest which had accumulated in each, (or, in other words, to the amount of business done in each,) and put to the credit of the redemption account. Then the assistant treasurer at each of these depositories is to give public notice that on a certain date he will redeem, on presentation, a given amount of these gold-bond notes, which amount is to be equal to the coin placed in the depository for redemption purposes. That was the mode in which the redemption was to be commenced; and Mr. Buchanan claimed that there could of course be no depreciation of the paper money. His own opinion was that \$200,000,000 of the total amount would never be called for. He stated that by another section of the bill the same notes were made legal-tender for their face value, but only at such times and during such periods as they were not themselves redeemable in coin. He said that that was on the same principle on which the Bank of England operated now. He claimed that if ever specie payment could be resumed on any basis whatever, it was on this basis.

The CHAIRMAN. In the first place, you propose to prepare two thousand millions of these bond notes, which is about equal to the present bonded debt?

Mr. BUCHANAN. Yes, sir.

The CHAIRMAN. And you would then say that any person who holds a United States bond may go to one of these depositories and exchange it at par for those gold-notes, and take a certificate to that effect?

Mr. BUCHANAN. Yes, sir.

The CHAIRMAN. And if he wishes to hold his notes or to pay them out and to let the transaction close here, so far as he is concerned, he may?

Mr. BUCHANAN. Yes.

The CHAIRMAN. In the mean time the Government retains its bonds, and the notes are outstanding?

Mr. BUCHANAN. Yes.

The CHAIRMAN. If, however, after awhile, he thinks it proper to get his bond, he may gather up his notes, and go back and get his bond, minus the interest accrued?

Mr. BUCHANAN. That is it.

The CHAIRMAN. And the Government is required, instead of selling gold from time to time, to retain all the gold which is not needed to pay its interest, and when \$200,000,000 has accumulated in the Treasury, it is to be distributed *pro rata* among these several depositories, and notice is to be given as to the securities that will be redeemed?

Mr. BUCHANAN. Yes, sir.

The CHAIRMAN. And when that coin is there for the redemption of the notes, the notes are not to be a legal tender, but when the coin is exhausted the notes become a legal tender?

Mr. BUCHANAN. Yes, sir; that is it precisely.

Mr. MERRIAM. Do you believe it is any use to discuss a question which changes the

whole bonded and banking interests of the United States; whether it is worth while for this committee to give its time to the consideration of a question which we know to be utterly impossible to compass, from the fact that centralization of power in the Government immediately meets opposition at the hands of the people, and that any change in financial matters is looked upon with great distrust; that it is impossible to pass any measure of finance which contains more than ten lines without great difficulty?

Mr. BUCHANAN. As to what may pass through Congress, that is not a matter which I am proposing to discuss, but only what ought to pass Congress. The proposition I submit comes after a very careful consideration by the business men of our locality, and after a very full correspondence with business men in other parts of the United States. The money which is now furnished to the business of the country by the national banks is too expensive.

Mr. MERRIAM. What do you mean by "too expensive?"

Mr. BUCHANAN. The \$354,000,000 of bank circulation costs the business of the country \$68,000,000 a year, and that expense cannot be borne by the business of the country. The one reason why the financial crash did not come years ago was that the country had a large legal-tender issue direct from the Government, without any cost whatever. The question is, what does this national-bank circulation cost the business of the country in the aggregate? First, it is based on a deposit of \$400,000,000 of bonds in the Treasury, on which \$24,000,000 is annually paid in interest. That comes out of the business of the country.

The CHAIRMAN. Does that cost the country any more than if this \$24,000,000 of interest was paid to A, B, and C?

Mr. BUCHANAN. Certainly not. There is no doubt about that. But there is \$24,000,000 of interest paid to the national banks on their bonds deposited to secure circulation. Then circulation is issued to the amount of 90 per cent. on that, and that circulation is used by the country, at an average expense of 12 per cent., and that makes \$44,000,000 a year, which, added to the \$24,000,000, makes, as I say, the annual cost to the country of this national-bank circulation \$68,000,000. That is the serious objection which our people make to the national banks. But suppose these banks should loan their money at 6 per cent. a year, even then their circulation would cost the business of the country 12 per cent.; that is, 6 per cent. on the bonds and 6 per cent. on the money issued.

The practicability of the plan which I propose, so far as the business of the country is concerned, is, I think, a fixed fact. Mr. Farwell, whom I have known as a business man in Chicago, knows that if it could have been fixed in that shape Chicago never would have felt the late panic. That panic never would have got outside of Wall street, and never inside of it either, because it would not have been possible to corner the money-market until the volume of bonds were reduced so as that it could be cornered. It is an elephant now of such proportions that the cornering of it would not be proposed by anybody. As things are now, there is no business man in the country with power enough to conduct his business so that it will not be crushed by the failure of somebody else.

The CHAIRMAN. Let me see whether I understand you. I hold say \$10,000 of bonds. I go to one of your depositories and exchange them for \$10,000 of Treasury gold-notes. That is money in my hand, which I propose to loan out. I am forbearing 6 per cent. in gold, which I lose on my bonds. Now, I must loan these notes to my customers for enough to repay me what I lose on the bonds, and a profit besides. Is it possible, therefore, that I would loan it at any less rate than bankers loan money now, whose rate you say in your community is 12 per cent.?

Mr. BUCHANAN. Yes; until they are able to corner the bond-market.

Mr. MERRIAM. How?

Mr. BUCHANAN. As long as bonds appear in the open market we can secure them through the means of trade. We can sell our wheat and our pork and take the bonds and use them. Time is the great question in business more than the rate of interest. We do not need your usury laws.

Mr. MERRIAM. Is that the sentiment of the people in your country?

Mr. BUCHANAN. Yes, sir.

Mr. HUNTER. It is not the opinion of the people of my part of the country.

Mr. BUCHANAN. The people want relief. As a business man and as a lawyer, dealing with this thing for several years, I have seen the usury laws pleaded in a court of justice, but never saw it done except to perpetrate a fraud. Men who propose to build up a business reputation stand on the matter of honor in these things rather than on the usury laws.

Mr. MERRIAM. Do the people in your country accept that as a fact, or are they prejudiced against the abolition of usury laws?

Mr. BUCHANAN. There are a great many people in the rural districts who regard the usury laws as a kind of palladium—a protection to them. But every man who is engaged in trade, cattle-dealing, pork-packing, merchandising of any kind whatever, recognizes the fact that if he wants money he has to pay the price asked for it by the party who has it to loan, and that the usury law does not make it any cheaper, but operates, if at all, in keeping the money out of the State. Our laws now allow 10 per cent. on contracts and on judgments; 12 per cent. has been made the bank rate of discount. But the great point to be gained by the country is the question of time. No banker will loan you money if he knows

that the money he loans you is all the money you have (no matter how much additional property you may have in the way of real estate) to go into merchandising business. He knows that it is not possible for you to make, within sixty days, profits to the amount of interest you pay. It could not be done as a matter of business. The time that business men want to use money is such a time as is necessary for them to prosecute their business and reach the consumers. All other loans are simply consumers of the principal. No man can make that money in sixty days' time in legitimate business. Most of the bank loans are made simply to parties to turn corners.

The CHAIRMAN. I ask you to state whether, in your opinion, money that draws even 6 per cent. interest is not more profitable than capital invested in any other form—in lands, or houses, or merchandise?

Mr. BUCHANAN. I think it is. That, however, depends on a variety of circumstances. In some localities in the United States it is; in other localities it is not. An investment in western lands at \$1.25 an acre is much better than a 6 per cent. loan; but in the Eastern States, where there is no appreciable rise in the value of land, a 6 per cent. loan is a better investment than the purchase of real estate.

Mr. HUNTER. You say that if a man gets hold of a bond he will deposit it in one of these depositories and draw the money at the face of the bond, paying 6 per cent. for the use of the money. Why would it not be just as well for him to take the bond to New York, and, instead of getting the amount of the face of the bond in currency, get its market value for it without paying any interest at all?

Mr. BUCHANAN. The difficulty about that matter is that he has got no sure thing about having the money in the future. Money accumulates at certain seasons of the year. Then there comes a stringency when money is dependent on a thousand other things, and you cannot control it. When he has got his money in flush times he will take his bond out of the depository.

Mr. CHAIRMAN. Is this the security against inflation under your system?

Mr. BUCHANAN. The inflation, I think, would not come beyond the necessary demands of business. No man will want to pay 5 or 6 per cent. for the use of currency when he has no use for the currency. In 1859 gold sold in the West at 98 cents on the dollar, and silver at 95 cents, payable in good paper money. Inflation is a bugbear, which sounds a good deal louder than it is going to hurt. There is more danger from the noise of that gun than from its actual execution. The cry of inflation assumes that business men have got no sense, and that they are incapable of telling how much money they want. I undertake to say that the business of the country is the only proper judge to determine the question which Mr. Williams proposes to have determined by a commission. God has not made the man who can fix just exactly the amount of currency that will be required to meet the business wants of the country. That must be left to be regulated by the law of supply and demand.

The CHAIRMAN. You think that, under your system, when a man wanted money, if he could get hold of bonds he would get the money for them, and that when he ceased to want the money he would go and get back the bonds?

Mr. BUCHANAN. Exactly that.

The CHAIRMAN. You have said that, though your profession is that of a lawyer, you have been engaged in loaning money. Would it be encroaching on your private business to ask whether it is your own money you loan, or whether you act as an agent?

Mr. BUCHANAN. I am engaged in that business for eastern corporations, insurance and other corporations of Boston and Hartford. The money is loaned at 10 per cent. besides the payment of commission.

The CHAIRMAN. May I inquire what that commission makes the percentage?

Mr. BUCHANAN. It makes the money cost about 11 per cent. to the borrower.

The CHAIRMAN. Are these loans usually on short paper?

Mr. BUCHANAN. No, sir. They are on five years' time, the interest to be paid semi-annually. The length of time they have to run is the reason why they are sought by the business men of the country in preference to other loans.

The CHAIRMAN. Can the business of your neighborhood afford to pay such a large interest?

Mr. BUCHANAN. Yes, sir. I know one gentleman who pays 15 per cent. on a capital of \$20,000, which he is using in the cattle trade, and he is making money besides.

The CHAIRMAN. I thought that you said, a moment ago, that the business of the country could not afford to pay the profits of national banks?

Mr. BUCHANAN. I referred to the average business of the whole country. There is some business which will pay even at that high rate. The trouble is borrowing money on sixty or ninety days; the interest eats into the capital and produces a financial crash. It was that silent, consuming cause which contributed most to the financial crashes of 1837, '47, '57. In this late panic there was not a particle of business which was out of joint except one department of the banking business. It was the large volume of business which was being carried on by the banks, and the mercantile credits, which broke them down. When Jay Cooke & Co. failed, all the business which they helped to carry had to stop. Take the New York clearing-house. During the last year, ending on the 1st October, the bonds and drafts

which passed through the clearing-house averaged \$105,000,000 a day, over one-sixth of the whole issue of currency, and there was little over \$3,000,000 used in paying the balance—less than $3\frac{1}{2}$ per cent.

Of course, after you get farther away from those large money-centers, there is more money used in the transaction of business, until you get into the rural districts, where the actual cash used in the actual transaction of business is from 50 to 65 per cent.

Mr. MERRIAM. What is the rate of interest which you calculate the national banks cost the people?

Mr. BUCHANAN. Nearly 20 per cent.

Mr. MERRIAM. And how often does the crash come—once in ten years?

Mr. BUCHANAN. Yes, sir.

Mr. MERRIAM. If, at the rate of 20 per cent., the capital is consumed and the crash comes every ten years, how long will the same thing take at the rate of 10 per cent?

Mr. BUCHANAN. If you consume a thing once in ten years, as a matter of course the thing will break down and you become insolvent. We ought to get to the lowest rate of interest possible. I do not think that we can get down to 5 per cent. interest until we get the labor of the country down to a pauper basis, as in England, and that is not to be desired. Five per cent. would strike me as being as low a rate of interest as we can reach in this country. From 7 to 8 per cent. would be the ruling rate of interest under my proposition, and the business of the country can well afford to pay that. The principle which I propose to adopt is to arrange it so that the Government will be perfectly safe. That is the first point to be guarded. The Government credit is now at par.

The CHAIRMAN. Does not your plan imply that the revenue of the country arising from taxation should be kept high enough to pay off the expenses of the Government and to gradually accumulate a surplus? Does not the quantum of taxes form an item, which is to be considered in connection with your system?

Mr. BUCHANAN. No further than in connection with any other system. The interest which the Government would be paying out on bonds to be deposited, under my system, is to be held by the Government and used in forming a sinking fund. If a 6 per cent. bond of a thousand dollars goes in, and a thousand dollars in notes comes out, and these notes stay out for sixteen or seventeen years, then there will be a dollar in gold in the depository for every dollar of paper there is out. In other words, the 6 per cent. interest will amount to the face of the bond in less than seventeen years.

The CHAIRMAN. Then you make the accruing interest furnish a sinking fund devoted to that purpose?

Mr. BUCHANAN. To that purpose, and that alone. If the Government is able to pay its interest during all that time, it will be able, at the end of that time, to redeem its notes in coin. That is clear mathematics.

As to resuming specie payment, there is no way to do it except through this kind of process. There are but three ways in which gold can be obtained: One way is by mining, another way is by getting it in exchange for our products exported to other countries, and the third way is by borrowing it. The receiving it in exchange for our products means that the balance of trade must be in our favor. The mining of gold costs more than the gold is worth. There is no nation that ever mined for its gold that did not lose money by the operation. Spain is an illustration of the truth of that statement. Take England on the other side. England never mined 1 per cent. of the gold which she handles. She gets it through the sale of her manufactured goods; and she gets it thus with large profits. The country which mines the gold loses the money; the country which gets it through the medium of exchanges makes the money, and we have got facility of production to such an extent that we can get it in the same way.

Mr. DURHAM. You start off in your system with a basis of \$400,000,000 of gold. Where are we to get that?

Mr. BUCHANAN. Gold will come to the Treasury in payment of customs-duties; or else my system will act as the finest tariff we can have. For that reason I should object to receiving paper money in the payment of customs-duties, so as to force gold into the Treasury, which will give credit to the paper circulation. If the paper-money now floats on the faith of the nation, and if it is able to sustain a debt which bears interest, it certainly can sustain a debt which does not bear interest.

Mr. DURHAM. With the balance of trade against us, is it possible to increase the aggregate receipts of gold from \$165,000,000 to \$400,000,000?

Mr. BUCHANAN. Yes, sir. It will either do that or it will stop imports. If it stops imports, then our exports will go on and the balance of trade will be so largely in our favor that we will get the gold by that means.

The CHAIRMAN. What do you suppose the aggregate circulation of the country now is?

Mr. BUCHANAN. I should say between \$450,000,000 and \$500,000,000 is all that is accessible to the business of the country, or that has been for the last year and a half.

The CHAIRMAN. You are satisfied that it does not go over \$500,000,000?

Mr. BUCHANAN. It cannot possibly go over \$500,000,000.

The CHAIRMAN. Is that amount decreasing or increasing?

Mr. BUCHANAN. It is decreasing to the amount of about $\frac{1}{4}$ per cent. annually.

The CHAIRMAN. Your estimate takes no account of the money which is hoarded?

Mr. BUCHANAN. No, sir. It takes no account of the money which is retained in State, county, or city treasuries, which are thought all the time to be in a very bad condition unless they have several thousand dollars on hand, running up, in many cases, to millions. All of this money might as well not be in existence for the time, if it is kept out of use.

Mr. MERRIAM. The bank balances show where it is.

Mr. BUCHANAN. Not in Indiana. There the officers of the State and county and city treasuries keep the money in their vaults. There is now \$3,000,000 of currency lying in the State treasury of Indiana, and cannot be used and will not be used, and it is a penitentiary offense for the treasurer to take it out except in pursuance of law. It is the same with many other States. That money has to be taken into the general account to show the amount of currency which is withheld from circulation. Of course you cannot arrive at that precisely, but as a mere approximation. But it would be a small estimate to say of that, and of the currency which is lost in the course of a year, that it amounts to \$75,000,000. The aggregate amount for taxes paid in the course of a year to State, county, and city corporations is \$900,000,000, almost twice the whole circulation of the United States. It has of course got to be paid with currency. That currency has to go through these county and State treasuries every twelve months. No wonder there is a large amount of delinquent taxes throughout the country, because there is not money enough to pay the taxes.

The CHAIRMAN. What is your judgment as to the amount of money which is needed to be issued legitimately and properly?

Mr. BUCHANAN. That depends entirely on the volume of business. If the volume of business was up to what it was before the panic of September last, we would have need of \$1,200,000,000 circulating medium. That would do if it changed hands once a day. It would not do 21 per cent. of the business of the country in cash, and it is not safe to undertake to do it on less money.

The CHAIRMAN. Why can we not use the \$500,000,000 we have, and then use bank credits and individual credits?

Mr. BUCHANAN. We can, if we want to do so; but it is not best for the people of the country to do so. Mercantile credits are based alone on the confidence of the individuals. They stand on so fickle a basis that they are liable to be blown away by a breath of the morning; they are liable to fall at any moment. The volume of business which was being carried on before the last panic was such that any tripping of any of the banks that were carrying this load would of course cause a large volume of business to stop. In usual business there is an average of it done by exchange, by barter, &c. There is a certain percentage of it done with money, and the portion in between is filled with these mercantile credits; and it is proper that they should come in, because they have furnished hitherto the necessary elasticity. If mercantile credits had been good last fall, there would not have been a panic, but, they having broken down, it was necessary to have money to throw in and fill up the vacuum, or else things would come to a dead lock; and things came to a dead lock.

The CHAIRMAN. Have you considered the manufacturing industries of the country so as to form an opinion of the amount of money, absolutely or relatively, which they require for working expenses?

Mr. BUCHANAN. They use a little more than the general mercantile interests of the country do.

The CHAIRMAN. They cannot use mercantile credits for that purpose?

Mr. BUCHANAN. No, sir; they use the mercantile paper in their purchases and in their sales, and then they convert this mercantile paper into currency for the payment of their labor.

The CHAIRMAN. What is the rate of interest which the manufacturing industry of the country has been paying for its money?

Mr. BUCHANAN. To speak in round numbers, it has been 12 per cent.

The CHAIRMAN. Take the general manufactures of the country—iron, cotton, woolen, and agricultural implements. Do you suppose that the profits on these manufactures have been such as to justify the payment of that rate of interest?

Mr. BUCHANAN. No, sir. But that 12 per cent. is not on all the money which they use. That 12 per cent. is on national-bank issues. As to the gold dollar, that is the assumed standard by the law of the United States. A dollar is not so many grains or pennyweights of metal; but so many grains or pennyweights of metal are made to be equivalent to a dollar. A greenback is made the same thing, in the same way, by the same authority. So for this issue which we propose. It is a representative standard set up by the law. Gold is no standard and never was. The gold dollar which we use here is not a gold dollar in London. The English have their pound sterling represented by a gold sovereign. Gold is the best representative of value on account of its being accredited most in the world, but it is not so good as a good paper currency for an internal commerce. You may inflate with metal currency just as with paper currency. But there is a fallacy which creeps in here. It is a fallacy to speak of the premium of gold and the depreciation of currency in the same breath. One or the other is not true. If there is a premium on gold, that premium is a price over and above its legal value; but there is not, at the same time, a depreciation of paper, le-

cause, if the paper is depreciated, then the gold remains where it was, but the greenback is, say 20 per cent. below it. The two things cannot run together.

The CHAIRMAN. We have, in round numbers, some two thousand national banks, owned by perhaps ten thousand or more persons. They have regulated that business; they have adopted it as their occupation in life; they have put all their capital in it; and that is their calling and profession. There would be very great resistance, on their part, to being thrown out of business and compelled to seek new channels of trade. Would it be treating them exactly right and fair and just to embarrass them in this way, and to subject them to this inconvenience?

Mr. BUCHANAN. I would permit them to retain their organization and only change the character of their issue. It would furnish them really with more issue, and give them every right they have now, except the issuing of notes.

Mr. FARWELL. In case the present system is not to be abolished, what amendment would you suggest?

Mr. BUCHANAN. I do not know that it could be very largely improved so far as its notes are concerned. But I think it would be perfectly safe to let them issue currency to the amount of the face of their bonds deposited. That would furnish so much additional currency.

Mr. FARWELL. And you would make banking free?

Mr. BUCHANAN. I think that the country could not stand that. Life is too short to admit of having the business of the country broken up every ten years.

Mr. HUNTER. Do you not, under your system, expect to have banks going on?

Mr. BUCHANAN. Certainly, as a matter of course.

Mr. HUNTER. Do you think that the people would borrow money from the present banks at a larger rate of interest than 10 per cent.?

Mr. BUCHANAN. I think so. But the time that the loan is to run is always a consideration.

Mr. HUNTER. Under your system you will take \$100,000 in bonds to a depository, and get \$100,000 in currency for it, paying 6 per cent. gold interest?

Mr. BUCHANAN. Yes, sir.

Mr. HUNTER. What can you afford to loan that money out at?

Mr. BUCHANAN. Seven or eight per cent.

Mr. HUNTER. What do you suppose that \$100,000 in bonds would cost you—\$115,000?

Mr. BUCHANAN. Perhaps so.

Mr. HUNTER. If they cost you \$115,000, would it not be better to dispose of them at that price, and take the money and loan it out? Can you not loan it cheaper to the people in that way than under your proposed system?

Mr. BUCHANAN. If I was going into the loaning business, probably I could. The heavy business matters of the country will be carried on by capitalists, who handle their own money and furnish their own capital; they may go to the banks every now and again, for the purpose of turning corners. But now the law is such that it forces them to go to the bank to get their money.

There is another branch of the question which I have not spoken of. This plan of mine would be the solution of the transportation question, which is now troubling Congress and the people so much.

The law has located the home of the money in New York City and east of it. The currents of money are from thence west and south, and return; and you cannot force the business across these currents; but the produce of the country is compelled to follow the money to the East over the lines of road built by this capital; and such is its power that it draws commerce from beyond the Mississippi River instead of bringing it to the river and then letting it flow down that natural channel out to the markets of the world.

Mr. MERRIAM. But you cannot get money into New Orleans unless there is somebody there who owns it or its representative.

Mr. BUCHANAN. That is true. But the bank-circulation in New York and the New England States is now three or four or five times the amount furnished to other localities of the United States. If every other locality in the United States were as well supplied with bank-circulation as the New England States are, we would have [abundance of currency.

Mr. MERRIAM. Is not that the want of capital rather than the want of banking facilities?

Mr. BUCHANAN. No, sir. There have been applications made from the West for millions and millions of dollars of banking privileges, to the Comptroller of the Currency, and they have been refused.

Mr. MERRIAM. And yet your people are not in favor of free banking?

Mr. BUCHANAN. I am not in favor of free banking.

Mr. MERRIAM. How is it with your people?

Mr. BUCHANAN. They are in favor of this proposition. We had an application for a bank in Indianapolis, and had the bonds to deposit for \$200,000 in currency, and we could not get the currency. But if this system which I propose had been adopted, then we could have had the currency as a matter of course. During the panic, the cashier of the

National Trust Company in New York took \$800,000 in bonds into the street, and was not able to raise \$100,000 in currency on it. They could not get even greenbacks for gold.

Mr. MERRIAM. What is the sentiment of your people as to free banking?

Mr. BUCHANAN. There are few in favor of free banking; I am opposed to it, and, I think, on solid grounds.

Mr. MERRIAM. Then how are you to get more currency?

Mr. BUCHANAN. If we cannot get it, we must do without it. The business of the country has been already shrunk to such a point till, from all I learn, by the first of May or June next there will not be more than 30 per cent. of the usual amount of business, and perhaps the present volume of money will prove sufficient for the coming year. That, in a great measure, is true, and merchants will use the credits of one another. But the danger is in continuing that same process, because if you do the crash will come on again.

Mr. MERRIAM. Is it not a fact that the business of the country is measured by the clearing-houses?

Mr. BUCHANAN. No, sir; the business of the associated banks is, and none other.

Mr. MERRIAM. Is not the business of the associated banks the representative of the business of all the manufactures and commerce of the whole country?

Mr. BUCHANAN. No, sir. Even the banks of New York are not all in the association.

Mr. MERRIAM. Every bank that amounts to anything is.

Mr. BUCHANAN. The majority of the national banks in other cities are not in clearing-house associations.

The CHAIRMAN. Do not clearing-houses show the operations of railroads—their daily receipts from passengers and freight?

Mr. BUCHANAN. No, sir.

The CHAIRMAN. That is a very heavy item, is it not?

Mr. MERRIAM. You cannot say that fully, because the receipts of railroads are collected and sent by bills of credit to New York, and every single bill passes through the clearing-house.

Mr. BUCHANAN. Through that one clearing-house there passed \$39,000,000,000 of checks for the year ending 1st October last, averaging 105,000,000 a day. That of course gives some index of the amount of business of the country. The amount of money actually used in these transactions was less than $3\frac{1}{2}$ per cent.

Mr. MERRIAM. Can you give us an approximate estimate of the holding of currency by State institutions?

Mr. BUCHANAN. It is impossible to give that, because the county and city treasuries are paying their obligations daily. The State treasury holds it over and pays only current expenses.

Mr. MERRIAM. Can you not give us an estimate of your own, approximating the amount held, and how long it is held in the State and county and city treasuries?

Mr. BUCHANAN. The best average I can make of that is that the bulk of it is held for six months. The proportions I have not made an estimate of. There are ninety-two counties in our State, and the amount of revenue that passes into these treasuries averages \$60,000 each, or \$552,000 in all.

The CHAIRMAN. The deposits that are put by these corporations into the present banking institutions would not appear in any statistics that we have?

Mr. BUCHANAN. No; and of course that does not indicate anything as to the amount of currency. When business is active, confidence strong, and money scarce, if the banks attempt to keep up with the demands made on them, they are bound to keep up their discount-loans and to increase their deposit-accounts. One man deposits \$1,000 in the morning, and another follows and takes it out, and so on; and the great discrepancy in the volume of business, as compared with the volume of money, was caused by the fact that the banks undertook to perform the business and broke down. They attempted to carry the business of the country, and they could not do it. I do not think that the banks can do it, where the banks control the issue. I think that the Government should control the issue entirely, and let the banks have all the powers they now have and such additional ones as will facilitate the business of the country. I have said that the average tax of the ninety-two counties in Indiana was \$60,000. Take into consideration the tax paid into the State treasury and into the town treasuries and into the city treasuries all over the whole State, and also in other States in like manner, and you will find that the gross amount of money locked up in this way throughout the United States amounts to about 10 per cent. of \$900,000,000 annually, not including many small towns, and not including United States taxes. And there is an average lock-up in Indiana for six months.

Mr. MITCHELL. State whether the Government gives any value to the five-dollar gold piece by stamping it and calling it five dollars—any value that it did not possess before the Government stamped it.

Mr. BUCHANAN. Yes, sir.

Mr. MITCHELL. Then you say that the bullion had not the value before it was coined?

Mr. BUCHANAN. No, sir; it had not.

Mr. MITCHELL. You say that gold in the form of bullion has not intrinsic value like a barrel of flour or pork?

Mr. BUCHANAN. I say that it has intrinsic value as a metal, but its value as metal is not equal to the value it has when it is stamped as money. The Government, of course, when it coins a five-dollar gold-piece, gives the value of five dollars to it.

Mr. MITCHELL. But you say it was not worth five dollars before it was coined?

Mr. BUCHANAN. No, sir; and it could not be used for five dollars.

WASHINGTON, *January 16, 1874.*

JOHN E. WILLIAMS, president Metropolitan National Bank, New York City, appeared before the committee in response to their invitation.

The CHAIRMAN. I will ask you this general question: State whether there are, in your opinion, any defects in our present financial system; if so, what they are, and how they may be remedied.

Mr. WILLIAMS. That question covers the whole ground, so far as I understand your views and wishes. Our present monetary system, I think, as no doubt you all think, has defects; but even with its defects it has brought great blessings, as I regard it. I feel that we in this country ought to act as an independent people—independent in our finances—as regards Europe. I believe that England is largely indebted to us for suggestions in regard to finance and banking, as we certainly are to England for information in matters of law, literature, and religion. I do not know that you care to have me trace the origin of the present system of banking. But I may state in brief that, in 1827, eleven years before the passage of the New York free-banking law, (from which the national-bank act was copied,) the Rev. Dr. McVickar, of Columbia College, suggested not only the idea but many of the details of the law of 1838, in a letter to a prominent member of the New York legislature. This was the germ, the origin of our banking system.

The principle evolved by Dr. McVickar—that of securing circulation beyond the reach of the bank—was, in 1844, ingrafted upon the new charter of the Bank of England. That plan has been even more fully adopted in our national-bank currency, separating entirely the issue department from the discount department of the bank; and also restricting the issue of notes within a certain fixed limit. Both these elements of safety having been incorporated into our system, I think the issue of bank-notes has generally satisfied our people under the present bank law. No bank can issue a dollar of currency until bonds of the Government, for the protection of the public, are placed in the hands of the Government. And the issue department is entirely separate from the ordinary operations of banking.

Our system and that of the Bank of England are of necessity similar in respect to security and limitation of circulation. Therefore similar causes in both countries have produced like results. Last autumn a *currency-famine* in New York produced a panic in this country. The banks could not and the Government would not afford the necessary relief by the timely issue of fifteen or twenty millions additional currency. So in England, three times, since 1844, the bank, with only its fourteen millions sterling circulation, has been compelled, by commercial or monetary pressure, to violate its charter by the issue of more notes than its chartered limitation authorized. The relief was instantaneous and the remedy effectual in England; so a temporary loan to New York banks last September would have been beneficial to our country.

In my judgment it would have been the wisest thing the President and Secretary of the Treasury could have done. I told the Secretary of the Treasury the other day, when he remarked to me that the forty-four millions were going out very rapidly, that if he had deposited in the banks fifteen or twenty millions at the beginning of the panic, he would have saved to the United States thirty or forty millions of revenue, and prevented the breaking of a great many merchants and manufacturers. The issue of that amount of the reserve at the proper time would undoubtedly have arrested the panic and the general distress which came upon the industries of the country.

I confess I cannot bow, as many seem disposed to, with profound veneration before European financial authorities. I feel that we, as Americans, having established a Government which is our own, should create for ourselves, with or without precedent, a currency adapted to our land and the people's wants, and, if possible, make it the best currency in the world. And why should we not? We have no less intelligence applicable to this subject than Europeans. The excitement of the recent panic has brought forth, I am very happy to say, from many parts of the country, comprehensive, intelligent views in regard to our circulating medium, which have encouraged me to hope that we are going to act independently; that we are going to look at this thing for ourselves as Americans, retaining the useful and casting off worn-out dogmas of finance. We have a vast, productive continent, an intelligent people, and the best Government, as I believe, in the world; and there is no reason why we should not have the best currency.

Indeed, I think our present is a better currency for this country than can be found in any other land on the face of the earth. We have prospered under it as never before, and we made it for ourselves. But it can probably still be improved if we "make haste slowly,"

and one of the improvements I would suggest is the abolition of bank-notes entirely. Let the people of this country supply themselves with a currency—legal tender—created by the intelligence, sustained by the character and honor of the nation, and secured by every dollar of property in the country. Why should not the Government itself issue the three or four hundred millions of currency now circulated by the banks, and save twenty millions interest to the people? I can see no reason why it should not.

First, one thing seems to me essential. A commission of skilled persons—say three—should be appointed by Congress to investigate the whole subject, and determine by statistical calculation, based upon past experience and present growth, the amount of currency now required to satisfy the necessities of the commercial, agricultural, and manufacturing industries of the country. Not too much, any more than too little, but just enough. And, when the facts are ascertained, recommend a graduated scale of increase to meet the growing wants of the people. This I take to be the first and most pressing want of all; for practical plans for relief must rest on this foundation of ascertained facts, if relief is to be permanent. "The elastic end" is spoken of; in other words, the contraction and expansion of the currency. In June, July, and August the cheap money of New York is abundant.

If, then, the assistant treasurer of New York were authorized to issue bonds, convertible and reconvertible, bearing a low rate of interest, they would absorb the surplus money and steady the market. In September, when the crops are to be moved, these bonds would be presented for payment. The money would thus flow out without disturbing the banks. I can imagine nothing more simple or effective. The question naturally arises here, should the Government pay interest on money which it cannot use? I answer that Congress has undertaken to regulate the currency by authorized bank-notes and the issue of United States notes. If, then, there should be an excess, it is because Government has permitted such excessive issue; and, further, the United States can well afford to pay a low rate of interest on a moderate amount for a short time, if it derives profit on a large issue for the rest of the year; especially if it shall tend to prevent the stimulating of wild speculation, which results from an oversupply of currency during the summer months. For, what is the object of this Government? The object, the sole purpose, of the Government is to do the greatest good to the people throughout the whole country; not simply to attend to the governmental machinery here in Washington, but to promote the vital interests of all.

But what has been the practical administration of the Treasury Department? No genius has been displayed, it must be confessed, and but small brain-power. The idea which possessed one Secretary was contraction, contraction. This was timely stopped by Congress. Another's idea was the speedy liquidation of the public debt; to pay off the bonded debt at home by borrowing abroad; to take up 3 per cent. certificates of indebtedness, and continue 6 per cent. bonds; to pay 5 per cent. to Europeans rather than 3 per cent. to our own citizens. Well, that may be a desirable business for the Secretary of the Treasury; but I do not believe any good banker or merchant would so regard it. And what is the prominent idea of the present Secretary of the Treasury? The only one I have seen developed is an attempt to resume specie payment in silver in sums of five dollars.

The truth is, our financial problem has been utterly neglected. No head of the Treasury has attempted to show, by carefully-collated facts, how much or how little currency was now absolutely necessary to transact the business of this great country—whether of paper, gold, silver, or wampum! Had proper thought and attention been bestowed on this great subject, a commission would have been appointed to ascertain what circulation for the country was required in 1860 and 1861, when we were paying specie, and when the balance of trade was in our favor. They would have found about two hundred and forty millions of bank-notes then, and about one hundred and fifty millions of specie. This shows the actual currency at that time to have been three hundred and ninety millions. Now what currency have we? Four hundred millions of legal-tenders, less forty-four millions reserve, net three hundred and fifty-six millions, and you have about three hundred and fifty millions of bank-notes, say in all seven hundred millions, less a reserve of one hundred and fifty millions kept by the banks, making, instead of seven hundred millions, five hundred and fifty millions of actual circulation. Was there ever anything more absurd, when you come down to figures, than to say that in 1861, with a population of thirty-three millions, three hundred and ninety millions was not too much currency, but that five hundred and fifty millions, with a population ten millions larger, now constitutes an inflation? Look at what has taken place within the last dozen years. In the first place, the Pacific Railroad has been built, extending the circulation all over the West. Then, look at the South. The planters did not pay their slaves money; now, when the colored man receives a green-back, he regards it as a symbol of his manhood—almost as a patent of nobility—and puts it deep into his pocket. Not less than forty, fifty, or sixty millions have been absorbed in the South, where there was almost no circulation before. Then consider the increase of business in the last eight years, since the war closed. Every reflecting man who pays any attention to statistics will understand that our business has increased fourfold. Our railroads have been extended immensely, our manufactories have been multiplied, and the commercial and mercantile operations have all greatly expanded. And you must not lose sight of the fact that prices also have advanced. But, says my friend and neighbor, prices have advanced because we made paper money. Well, how is it that in France, in Holland, in Germany, in

England, and in Asia even, they have advanced 30, 40, 50 per cent.? Not because they have our currency in those countries, but it is because Australia and California have added two thousand millions of gold and silver to the circulating medium and commercial exchanges of the world within twenty-five years. That is the reason prices have risen. And it is idle to expect in this country that prices can be reduced to their former standard by any change of currency.

The intrinsic value of commodities, as measured by money, is increased the world over, because of the increase of the precious metals. So it matters little what sort of tokens are used in the purchase, whether metal or paper. This is a very important fact to bear in mind in considering this subject, and the advance is equal and fair to all. Day-laborers never before commanded so high prices. Those persons who are living on fixed incomes think it would be a very pleasant thing to get back to specie payments, because prices would be 25 to 50 per cent. less. That is all a mistake. A resumption of specie payment would not bring prices back to the old standard, but it would bring back the curse of other years. A friend, now in France, informs us that he was in Paris ten years ago, and that his bills are now precisely double what they were then.

Then, again, some men, sensible too, are saying, let us have free banking! Now, if there is anything to be deprecated, in my judgment, it is free banking. The Metropolitan Bank was instituted in 1851, to break up wild-cat banking, and that is what free banking means. We did wind up thirty or forty of those wild-cat banks in New York State. They were organized under a perversion of the free-banking laws; they deposited their securities, took out their notes, and located their banks away up in Allegany and Saint Lawrence Counties, at points where nobody could ever find them. They issued their notes and brought them to Wall street for circulation. They were based on satisfactory securities, and the notes of your national banks, under the free-banking system, would be secured by United States stocks. But that is no cure for the evils of such a system of banking. Practically it is not banking, but, so to speak, legalized piracy. My friend there, Mr. Clarke, has been a banker all his life, and understands very well the difference between banking for legitimate purposes and wild-cat banking. In banks conducted for legitimate purposes the circulation comes in incidentally, and in the country banks it constitutes a large part of the profits. Now, with a capital of \$150,000, and \$100,000 of circulation, very likely the deposits may be \$300,000. And suppose you have a reserve of \$25,000 of specie to redeem the bank-notes with, what is to become of the \$300,000 deposits? Would it not be a very great farce to undertake to pay specie? The whole idea of specie payment, under the old system, has always been a farce and always will be. Our depositors can break us up any moment they choose to. In Wall street there is an accumulated capital much larger than there is at command in the national banks of New York City, and the Wall street manipulators, if you attempt to resume, could fail the banks fifty-two times in a year, once in every week, if they chose to do it. Nothing could be more absurd, in my estimation, than to talk seriously about specie payments. I hope never to see a serious attempt at resumption on the old plan of specie payments in New York; I should fear it with almost as much dread as another Chicago fire.

Possibly you may regard my speech as too intense; but my experience confirms my judgment. I have been engaged in banking for fifty years. I was a bank commissioner in Massachusetts, cashier of the Newport Bank, cashier of a bank in New Bedford, cashier of the City Bank of Boston, banking for three years in Florida, and for more than twenty years in New York; so that my experience has been somewhat varied. For a bank man I have circulated largely, and still believe in circulation. And my convictions are that we not only ought to have the best currency in the world, but that it is practicable for us to have it. Yet a sensible man on other subjects said to me the other day that he had done with this paper stuff; that he gave notice he would never touch a paper dollar after thirty days. I said to him, "Would you not take at par a thousand-dollar bond that is bearing 10 or 11 per cent. premium, payable in currency?" "No," said he. "But," said I, "that bond bears the promise of the United States and carries with it the honor and integrity of the country, and you will not take that pledge of the nation?" He said, "No; not if it is payable in what you call lawful money, for that is a broken promise of the Government." Now, this is the kind of stuff that many (otherwise respectable) newspapers are filled with every day, and many persons mistake it for wisdom. It is a kind of reasoning which, to my mind, indicates great want of reflection and information. It seems to me that if these national-bank notes and legal-tenders could be provided with a little "elasticity," with such a contrivance as I have suggested, we could go on supplying ourselves with just the amount of currency that was needed, and should be better off in regard to currency than any other country in the world, partly because we should be free from European interference. I should like for one moment to state why I have come to the conclusion I have arrived at on this subject. Everybody knows the origin of our United States paper currency, that it was thrown out during the war, regardless of amount or consequences. But even then it was not the quantity alone that indicated the value of legal-tenders as compared with gold. Gold went up to two hundred and seventy or eighty, and yet when Sherman took Savannah it went down nearly one-half. It fell rapidly about one hundred points, as they say in New York. Now, since the war, we have been gradually absorbing this issue (then

excessive) by the immense enlargement of every branch of business and growth in population, until last fall that currency, once superabundant, was proved to be insufficient. We could not get enough to send west to bring the wheat-crop east.

What has been the cause of this absorption? It has been the actual growth of the country—the increase of business and population. You know, doubtless, that there are about three hundred thousand immigrants arriving at New York City every year. You know also that instead of a population, as in 1860, of thirty-three millions, there are now about forty-three millions in this country. In 1860, with three hundred and ninety millions of circulation, each person was furnished with about \$12 to supply all monetary and business purposes. Now, when ten millions of people have been added, are you not going to furnish each of them also with \$12, their quota? That alone will require one hundred and twenty millions more of currency.

Will any one undertake to say that the growth of the country in manufactures, in commerce, in business of every description, and in population, is not to be taken into account in ascertaining what is a sufficient amount of currency for the present day? I do not suppose anybody abhors an inflation, an excess of currency more than I do, or more sincerely deplores a deficiency. The idea, however, is preposterous that we do not need a larger volume now. You might just as reasonably require a full-grown man to wear the shoes of his boyhood because they did fit him thirty years before. The true way of ascertaining the volume of currency required is to take the population and business of the country twelve years ago, then reckon the increase of population and of business since as nearly practicable. With three hundred and ninety millions as the amount of currency required at that time, make your estimate of the currency now needed on that basis. Very few persons appreciate the tremendous strides which have been made in manufactures, in commerce, in agriculture, in railroad building and operating, and in every description of business within the last twelve years; but when you have that statement made up you can approximate a solution of the question as to the amount of currency now required, if not with mathematical certainty, yet with a strong probability of having reached a trustworthy result.

You may ask me why I think there is not enough currency now. It was found last October that every dollar of the currency had been absorbed. There was not a million of dollars to be had in New York, and the reason was that the surplus summer currency had been loaned by the interest-paying banks, for it accumulates with them, and they must lend the money at some rate or other if they pay interest for it. It had been loaned largely to brokers in the dearth of business, who, when called upon to return it, could not respond, for a great portion of it had been sent away to purchase wheat. We had been sending to you, Mr. Mitchell, and other bankers in the West, for the purpose of moving crops, \$200,000 a day; so the money was used up. Now, it is an indisputable truth that if the General Government had then deposited in the New York banks fifteen or twenty millions of legal-tenders, there would have been no panic. Perhaps it is as well, however, that the climax was reached last autumn. If it had been patched up and made to run another twelve months the distress would have been aggravated by one year more of growth in population and business, with a fixed currency, which implies a still further outgrowth of the circulating medium, and consequently aggravated disaster to the country.

Mr. HAWLEY. What change would you make in the present form of national-bank notes?

Mr. WILLIAMS. I do not know that I would make any, except that I would gradually substitute legal-tender notes for them.

Mr. HAWLEY. In what form would you have the Government issue these notes, which are to be the currency of the whole country?

Mr. WILLIAMS. I think the present form is a very good one.

Mr. HAWLEY. Then you acknowledge coin to be the basis of the law for issuing the legal-tender notes which you propose shall be the currency of the country?

Mr. WILLIAMS. I consider a dollar of this currency just as good to me as a dollar of coin, and more convenient for use. I do not care for the gold and silver dollar. I think people trouble themselves very unnecessarily about dollars in gold and silver when the whole country is accumulating wealth every day with our present currency.

Mr. PHELPS. Do the people prefer gold or the equivalent of gold?

Mr. WILLIAMS. It follows that when people get frightened they will rush to demand gold or greenbacks, if they can get them. But I believe they are satisfied with the currency we have, the people generally. The United States Government has undertaken to supply the people with currency. They have deprived the States of the power of doing so, and it is their business to see that it is supplied in sufficient volume to meet the wants of business. My complaint is that the Secretaries of the Treasury have paid no attention whatever to the matter. They have left us to drift until finally we have absorbed, not only all redundant currency, but we must have more or we cannot go increasing in population and business. That is my position.

Mr. PHELPS. Do you think our present currency is as good as one redeemable in gold?

Mr. WILLIAMS. I have just suggested that my preference would be for a currency entirely of United States legal-tender notes redeemable in gold.

Mr. PHELPS. In this case is it not the duty of the United States to take some steps toward a currency which is redeemable in gold?

Mr. WILLIAMS. In answer to that I say that under the present organization of national banks, certainly not, because it would imply that the banks would have to resume specie payment. That I hope never to see. All this trouble and anxiety about the banks resuming specie payments would be soon out of sight if the ideas I have suggested were adopted. If the Government would supply the country with a currency of legal-tenders in sufficient amount, the banks would then be banking on the currency of the United States. The Government of the United States would supply all the currency, paper; and gold, to carry on the business of the country; and if it was found that a redundancy of paper money was in circulation, it would be invested in bonds at the treasury in New York, and go out again by a return of the bonds for currency when a larger volume was needed. Its action would be automatic; it would regulate itself.

Mr. HAWLEY. Would you take any steps in order to obtain that better currency?

Mr. WILLIAMS. I should be guided in that respect by what could be done. If I were able to satisfy myself that I could carry a measure of that kind, I should certainly take steps to do it. But I would not fight against a windmill. I would not undertake to do what I was satisfied could not be done.

Mr. HAWLEY. Do you think you could get any currency that would be better?

Mr. WILLIAMS. That would depend upon the intelligence of the people who make laws. If I could go into Congress and satisfy Congress of the practicability of issuing legal-tender notes redeemable in gold, I would do so, and I would require all the banks to circulate legal-tenders. I would redeem the present bank-notes by legal-tender notes of the United States. I think that is a plan which could be carried through if I could get the idea into the minds of members as clearly as it is in my own mind. I think the banks would be glad of the exchange. They would be relieved of the amount of revenue now required for the redemption of these notes, which are not redeemed. The low rate of interest which they will soon be obliged to take on their bonds, now reduced from 6 to 5 per cent., and soon be reduced, no doubt, to 4 per cent., will make it no object to them to retain such bonds as the basis of circulation; and the advantage of release from taxation on their circulation would be an equivalent for any small loss of profit: so that I think it would be for the interest of the banks to give back their circulation to the United States and allow the Government to supply it. Then for all ordinary business operations these legal-tender notes would answer every purpose of specie; and whenever specie was wanted, for any emergency, the United States would have it on hand to pay. It would take from the banks their accountability for specie payments, which has always been a curse to banks ever since I have known anything about banking. It was the great trouble in 1837 and in 1857 and in all the panics that have ever occurred.

Mr. MITCHELL. I understand you to be in favor of substituting for the national-bank circulation a Government circulation to be redeemable in coin. I would like to ask if you would be in favor of limiting the Government circulation to the amount they could keep at par?

Mr. WILLIAMS. Certainly the Government circulation should not be at a discount, and could not, if redeemable in specie.

Mr. MITCHELL. Suppose they could not redeem it in coin?

Mr. WILLIAMS. They would not then be doing any worse thing than they are now; and the experiment is worth a trial, for if it succeeds, it is all you want.

Mr. MITCHELL. Suppose they failed, would you regard that as an indication that too much currency was out?

Mr. WILLIAMS. I would regard it as a sure indication that too little specie was in, and possibly, not certainly, too much paper out.

Mr. MITCHELL. How would you get sufficient specie in?

Mr. WILLIAMS. From our own mines mainly. The precious metals received from California for the year ending December 31, 1873, amounted to the sum of \$72,258,693—ten millions larger than ever before.

Mr. MITCHELL. If the Government is paying coin and legal-tender notes, individuals, I suppose, would have the right to go and get a little coin if they want it.

Mr. WILLIAMS. Certainly, always, to the amount of their legal-tenders. I attempted to make myself understood in regard to the volume of paper required by a statement of this sort: I said that a commission ought to be appointed whose business it should be to make themselves familiar with the statistics of the country, and to ascertain what the absolute wants of the country are in respect to currency. If the result showed that 5 or 10 per cent. increase over the present amount of circulation was needed, they would ascertain that fact. But there has been no effort of this kind made. Such a commission could ascertain what has been the comparative amount of currency relative to the population and the business for the last twenty or thirty years, and in that way establish approximately if not exactly our present wants in respect to currency; and if more should ever be issued than is wanted, it would flow into bonds, as I have indicated.

Mr. MERRIAM. You have been engaged a good deal in assorting the notes of the different banks and free banking. If the Government were to redeem the national-bank notes, I would like to ask you what it would cost the Government to assort and redeem notes of these two thousand national banks?

Mr. WILLIAMS. It would cost the Government nothing if the national banks were required to pay for it, as has been intimated.

Mr. MERRIAM. Suppose they did not require the banks to pay the expense?

Mr. WILLIAMS. It would be a very generous thing on the part of the Government to do. Our bills are wearing out every day. If the Government is going to do the business of assorting these bills, it would be a very pleasant thing for the banks to have it done for them. But, so far as the question of assorting for redemption is concerned, I cannot imagine any advantage in it if it is merely to be sent to the issuing bank to be exchanged for legal-tender.

Mr. MERRIAM. In considering that subject, it would become a question as to whether the Government should make a charge to the banks for performing this business.

Mr. WILLIAMS. I think we are pretty much all agreed that something of the sort should be done. Our bills are wearing out every day, and the Government is now talking of charging us for the printing, which would be a very onerous charge.

Mr. DURHAM. I understand you to say that you were opposed to inflation.

Mr. WILLIAMS. Not if you mean by inflation an increase of the currency to meet the wants of the country. If by inflation you mean an undue amount of currency, I am opposed to it, most decidedly.

Mr. DURHAM. Do I further understand you to say you would advise the Secretary of the Treasury to issue the balance of the \$44,000,000 reserve?

Mr. WILLIAMS. I spoke of a conversation I had incidentally with the Secretary. Of course I should advise it, because I think there is a deficiency. Meeting him incidentally, I spoke of it, because I was greatly disappointed that he had not done it when he was asked.

Mr. DURHAM. Do you think there is any law authorizing him to do it?

Mr. WILLIAMS. Mr. Boutwell thought there was, and did issue a part of it afterward.

Mr. DURHAM. I am asking your opinion.

Mr. WILLIAMS. I have to say, in answer to that, what I said at the clearing-house meeting last September. When, in 1861, the Government had failed to raise money to prosecute the war, the banks of New York, Boston, and Philadelphia, in opposition to legal advice, came forward and advanced between \$60,000,000 and \$70,000,000 of specie, and took paper for it, (seven-thirties) to help the Government. The banks did not wait for a law to be passed. And so, if I had been Secretary of the Treasury when the President and Mr. Richardson were in New York last autumn, I would have resigned if the President had not allowed me to issue that money. Possibly it was the other way, for some of the best and most prudent men in the country advised it.

Mr. DURHAM. Do I understand you as favoring the issue of 3.65 compound-interest notes that shall be convertible and reconvertible?

Mr. WILLIAMS. I would not advise that interest. I do not like 3.65. It is said to be a cent a day, but I was never able to compute that easily. I would advise 3 per cent., 4 per cent., and 5 per cent. bonds; the 5 per cents to be issued when money is less plenty; as it became more abundant, issue the 4 per cents; and, when feasible, the minimum, 3 per cents. I would not fix 3.65 per cent. interest. I would leave with the assistant treasurer discretionary powers, so as to be sure of securing in summer a supply of currency for fall use.

Mr. HUNTER. Suppose we had \$300,000,000 of gold in the Treasury and our entire currency in greenbacks; suppose men in New York should combine and require \$100,000,000 a week to redeem the currency they present; could the Government get gold enough to meet these demands?

Mr. WILLIAMS. In the first place, if it were possible for anybody to get \$100,000,000 a week, the Government ought to be broken, for it would indicate recklessness.

Mr. HUNTER. The brokers of New York could collect the currency, could they not?

Mr. WILLIAMS. No; they would have to go everywhere, all over the country, to pick up this money, and before they got back again the banks would call upon them for their loans, and *they* would be broken, not the Government. Such a state of things is inconceivable.

Mr. HUNTER. And if the Government should be so broken down that it could not redeem in gold, the brokers would be able to control all the gold in the country needed for the Government as well as for commerce.

Mr. WILLIAMS. The difference between the Government and banks is, that banks are always broken whenever they fail on their deposits, and not on their circulation. The Government, having no deposits, cannot be broken in this way. But this plan would enable the Government to kill gambling in gold. It would not be speculated in if there was no profit in the speculation.

Mr. MITCHELL. If greenbacks were equivalent to coin, parties would be no better off with the gold than with the greenbacks, and therefore there would be no motive for funding greenbacks in gold.

Mr. WILLIAMS. That is the point exactly. What object would there be in drawing specie if it were no better than paper?

Mr. HUBBELL. Then, under this plan, would it not be practicable, at some future time, for the Government to receive its duties in greenbacks?

Mr. WILLIAMS. Most assuredly.

Mr. FARWELL. What, in your opinion, would be the effect upon the money-market of New York and the country if the Congress of the United States should remove the interest restrictions upon the rate of interest?

Mr. WILLIAMS. I think the repeal of the usury laws would be a very excellent thing to do. It would stimulate a great deal of honest trade. The Metropolitan Bank has never taken over 7 per cent. interest, but I would be very glad to be permitted to by law.

Mr. FARWELL. Let me ask whether, in your opinion, the Government or banks could successfully resume and maintain specie payment with a balance of trade against the country.

Mr. WILLIAMS. I have already said that what constitutes a balance of trade depends upon so many circumstances that it is difficult to say when the balance of trade is one way or the other. As recent statistics are given, they would show a balance of trade against us, while, as a matter of fact, we were importing specie, and the balance was really in our favor to that extent.

Mr. FARWELL. Was it not true, in the fall of last year, that the price of gold was depressed to the point to which it went in consequence of the importation of \$10,000,000 of gold?

Mr. WILLIAMS. Yes; we could not afford to pay for the gold. An Englishman said to me, "You are a very queer people. My country wanted to buy wheat of you at \$2 a bushel, but you said, 'No; we will let you have it at \$1.50;' and when we could get it at \$1.50 we could not pay for it. If you had let our money-market alone we could have better afforded to buy it at \$2."

Mr. FARWELL. What do you think of the propriety of removing the restrictions upon bank reserves?

Mr. WILLIAMS. I think there should be no reserve in currency. I think there should be a reserve always sufficient to protect the depositors and secure prompt payment.

Mr. FARWELL. Under the present system, how would you avoid such panics as that of September?

Mr. WILLIAMS. By issuing more circulation and by free discounts you would restore confidence.

Mr. FARWELL. You have spoken of the free banking as "wild-catting." What, in your opinion, would be the detriment of the country to allow free banking with such restrictions as should make their currency absolutely safe?

Mr. WILLIAMS. I do not mean to speak of the measure of evil. The *principle* is wrong when you allow banks to be formed for the purpose of merely issuing bank-notes. They should be created only for the purpose of commercial business—receiving deposits and making discounts—the issuing of currency being a mere incident. When you allow them to be formed for the purpose of issuing currency mainly, you commit a mistake. I should be very unwilling myself to see a system of banking revived which I have spent a great portion of my life in trying to break up.

Reference has been made to the old "Suffolk Bank system." That was carried on on an entirely paper basis. The Boston banks found there had accumulated so large an amount of country-bank notes in the city that the Boston-bank notes could not circulate, and therefore the Suffolk Bank system was established for the purpose of emptying Boston of country-bank notes, so as to circulate their own notes in their own city. In the course of time they succeeded in sending out the notes of the country banks and in getting their own notes into circulation, as they were entitled to do, and thence grew up the system. Every country bank collected the bills of every other bank to send to Boston as a deposit in the Suffolk Bank to redeem its own bills collected there. They nominally paid specie, but that was all a fiction; none was used, for none was wanted. Year after year the whole circulation of New England was redeemed, to everybody's satisfaction, without paying a dollar of specie, and that was in nominal specie times. The banks would have a thousand or two thousand dollars in specie and issue one hundred thousand dollars or more in paper, for then no such restriction existed as is imposed on circulation now. That was the purest paper currency ever heard of in this country, yet it is quoted as an era worthy of imitation in sound banking on specie! It was well for those days; it is good for nothing for our day. Ours is an entirely different condition of things. Our notes are all secured by United States bonds, and limited in amount of issue.

Mr. FARWELL. Mr. Merriam has introduced a bill providing a 5 per cent. deposit in the Treasury of the United States by the banks, the Treasurer to be the redeeming agent. Now, if this system is to be continued, and banking to be made free, would not that check the redundancy of currency?

Mr. WILLIAMS. My idea is that such a system of redemption of notes perfectly secured is useless. Why do you want to send these notes home for redemption in legal-tenders when the legal-tenders, good as they are, have no more security than the bank-notes, although they are superior in this, that they are lawful money. The legal-tender is a promise of the United States, pure and simple. The bank-note has, in addition to the capital of the bank, United States bonds as security. The holders have the right to call on the stockholders to the amount of their stock, and they have the legal right to require the United States to redeem the bills at par.

Mr. MERRIAM. Is it not a fact that there are times when we have not currency enough to meet the wants of the business interests of the country?

Mr. WILLIAMS. Yes; last September, for instance, was one of those times.

Mr. MERRIAM. If free banking would give us that currency, would it not be desirable?

Mr. WILLIAMS. That is one of the most uncertain things. If individuals found that by creating bank circulation they could make money, they would create any amount that could be floated into circulation. If, on the other hand, they found that it would not be profitable, they would not send out any circulation; and, therefore, as I said, there is nothing more uncertain as to supply of currency than the result of free banking unrestrained by commercial wants.

Mr. MERRIAM. Under this plan there is no chance for the broker to profit by it. You have known, in New York, times when the redundancy of the currency stimulated speculation. Now, would not this system of redemption, provided for by the plan I have suggested, reduce the surplus currency in New York to its proper level and prevent speculation?

Mr. WILLIAMS. There would probably be one beneficial result. It certainly would be a benefit to take out of circulation the half-destroyed notes and substitute new ones. But as to whether it would supply any deficiency of circulation or reduce a redundancy depends on the contingency I have spoken of.

Mr. MERRIAM. I was recently offered \$500,000 at $\frac{1}{4}$ per cent. discount. This plan of redemption would prevent any market difference between legal-tenders and national-bank notes.

Mr. WILLIAMS. That brings to my mind one point, which certainly ought to be acted on. I think the national-bank law ought to be changed in this particular, so as to allow the reserves of the bank to be kept in specie, national-bank notes, or legal-tender notes, one or the other, or all. The national banks are obliged to receive any other bank-notes, and have the right to pay any debt to other banks in such notes. Why, then, not reckon them in their reserve?

Mr. MERRIAM. That would destroy the very machinery we are now trying to create, for the purpose of giving the amount of money the interests of the country actually demand. To accomplish that there cannot be an accumulation of legal-tender reserves in the bank.

Mr. WILLIAMS. The banks all have to keep their reserve in either legal-tenders or specie. Now, by the rules of the clearing-house of New York, our balances have to be paid in legal-tenders, and the reason assigned is that the reserves must be in legal-tenders only. A different rule is adopted in Saint Louis and Chicago. I think you will see the justice of allowing the banks to keep their reserves in anything which will pay indebtedness. Now, the national banks are allowed to pay their obligations to other banks in their own notes, which are a legal-tender so far as other national banks are concerned. No bank can refuse payment for any note they have discounted in the bills of any other national bank. But in the clearing-house of New York we have a rule which requires that all balances shall be paid in legal-tenders. If the rule had been different in September, it would have been easier for the banks; and it would have had an important bearing in facilitating resumption, because the banks early accumulated a great many more bank-notes than legal-tenders. I can see no earthly reason why the reserves of a bank should not be allowed to be, at least, in part, in bank-notes. If we were permitted to keep our reserve in national-bank notes, legal-tenders, and specie, we could never be embarrassed by an accumulation of national-bank notes.

Mr. HUNTER. Would it not be easier for you to change the rules of your clearing-house than for us to change the national-bank law.

Mr. WILLIAMS. I do not think it would. I have tried it two or three times, and I should rather undertake to get the law changed.

Mr. FARWELL. I believe I have asked you whether you would regard it as wise to remove the restriction requiring the reserve.

Mr. WILLIAMS. My answer is, in respect to deposits, no; in respect to circulation, yes.

Mr. FARWELL. Then, you think the Government has conferred no benefit on national banks sufficient to entitle them to place a restriction upon their mode of doing business?

Mr. WILLIAMS. I do not think national banks can afford to be further restricted or taxed. But I make a wide distinction between a reserve on deposits and a reserve on circulation.

Mr. FARWELL. Do you consider yourself guided by the laws in managing the business of the Metropolitan National Bank?

Mr. WILLIAMS. I am guided by the laws certainly: and intend to conform to them.

Mr. HUNTER. In regard to these reserves as a security to depositors, would it not be better that a part of that reserve should be required to be kept in bonds in the Treasury rather than the whole reserve remain in bank?

Mr. WILLIAMS. I think not. The depositor would feel secure if he knows they were here; but the bank might fail before the bonds can be converted. I think it is right that banks should be required to keep a reserve, and it ought to be in available funds—legal-tenders and bank-notes.

Mr. HUNTER. A great many men are opposed to putting their money into banks for fear the reserves should become too low. Now, if a part of the reserve were in Government bonds, would it not remove that apprehension?

Mr. WILLIAMS. There are objections to that. Practically it would be lending depositors' money to Government, and would necessarily deprive the bank of the power to aid the community by discounts, which the banks are bound to do.

Mr. FARWELL. Are not the private banks managed as safely as the national banks?

Mr. WILLIAMS. By no means. The great number of failures in the late panic show that, and it has been always so.

Mr. MERRIAM. In the case of banks which have withdrawn their circulation, do you think it necessary to retain the requirements compelling them to keep one-third of their capital in bonds in the Treasury?

Mr. WILLIAMS. I think not. I have no doubt, if any is required, the 5 per cent. will do as a sort of recognition. The first idea of Mr. Chase was that one-third of the whole capital, whatever that might be, should be deposited in the United States Treasury as security for the circulation of the bank. The idea was to adopt a plan which should absorb a portion of the national debt. It would furnish a home-market for a certain amount of the bonds. Then the universal idea was that that 33 per cent. entitled a bank to receive circulation on the whole amount. Afterward it was restricted.

WASHINGTON, *January 17, 1874.*

CHARLES MORAN, banker, of New York, aged 62, appeared at the request of the committee, and made a statement relative to his business experience in various commercial and banking occupations in this country, including the presidency of the Erie Railroad.

The CHAIRMAN. I will ask you the same general question which has been asked other gentlemen: whether in your opinion there are any defects in our present financial system; if so, what they are and how they should be remedied.

Mr. MORAN. There are very serious defects, but which I believe may be very easily remedied. Money, historically, has gone through several transitions which have not been observed by most economists in the theories they have presented on the subject, and yet which it is material to understand in order to understand correctly the results produced by causes now in operation. It commenced with coin, followed by banks that received deposits of the various depreciated coin in circulation, credited their depositors with their actual value, which deposits were transferred on the bank-ledgers in payment of purchases made or of maturing liabilities; secondly, by paper money issued by the banks, and paper money issued by Government; lastly, by bank credits transferred by checks.

Now, while coin still remains the currency of the world, it is only a relic of by-gone barbarism. It was introduced at a time when the rule was that men could not trust each other. They found the commodities in use inconvenient means of obtaining other things in barter. But they found the precious metals represented great value in a small compass, and thus they gradually came to be adopted in the most convenient element of barter, and subsequently were transformed into money, the use of which has entirely replaced barter as means of exchanging the results of labor. Afterward the stamp of the Government was added to it, which in no way affects its value, being only a certification of the quantity and fineness of the metal contained in each coin. After this, coined money was very rapidly introduced into commerce as the medium of exchange, and before the lapse of a very long time it became universal.

When the precious metals were first coined, they were taken at their barter-value; but as soon as they came to be principally used as money, as representatives of services and useful results of labor, the cost of production ceased to control their value as money, which soon exceeded their value as commodities; and the economists to-day are in error when they assert that the value of money is based upon its value as a commodity; on the contrary, the reverse is true. When I bring gold from one country to another, I can barter it to the manufacturer or I can carry it to the mint; but if the silversmith is able to give me not so much by a quarter per cent. as the money will bring at the mint, of course it will go to the mint, and be used as money instead of being used as a commodity.

After being in circulation for a time, coin became so much wasted by clipping, wear, &c., that merchants and silversmiths would not receive it any longer at its nominal value. Experiments at Amsterdam proved that the average depreciation of the coin in circulation was 9 per cent. The result was that banks were established, which obtained charters from various governments in exchange of advances of capital, whose functions were to receive the coin and credit the depositors at its real value; and foreign merchants thereafter refused to sell goods or accept payment of bills of exchange in any other money than this bank-money. It was soon discovered that the transfer of this bank-money on the bank-ledgers from one to the other was as good, or even preferable, to an actual transfer of money from hand to hand; and out of that grew the issue of paper-money, in the form of bank-notes. The Bank of England was the first institution created to issue bank-notes as a substitute for coin. After many difficulties, the origin-

ators obtained a bank-charter upon condition of advancing their whole capital to the government.

From that beginning the bank-currency of the world has followed. During the regency of the Duke of Orleans, the celebrated bank of Law was established in France somewhat similar to the Bank of England; but the government afterward took possession of the bank and carried it on as a government bank that issued paper money, made a legal-tender by law; the result was, the ruin and bankruptcy of the bank. We, in our revolution, and the revolutionary government of France, followed the same practice of issuing Government paper-currency, based upon the credit of the Government, with precisely the same result—the entire repudiation of the paper-money issued.

One of the great errors in regard to paper money is, that Government money is confounded with bank-money; both being made of paper, it is assumed that they are both based on the same principles, and lead to the same results; hence the general outcry against paper money. Instead of that being true, Government paper money is the most uncertain and unreliable of all currencies, while bank-money is the best that has ever been invented or suggested.

Now, let me here explain how the volume of currency allowed to be issued by the Bank of England is attempted to be regulated by the bank-act of 1844. Finding at a certain period of time that about fourteen million pounds sterling of Bank of England notes were in circulation, over and above the notes issued by individual banks, the issues of the Bank of England were limited in the future to fourteen million pounds, with the privilege to the bank of issuing further bills only upon the withdrawal of an equal amount of specie from the circulation in the hands of the public. In Scotland, up to 1844, a free banking system had been in practical operation, with the results far more beneficial than were ever obtained from any other system ever known. No money panics had ever occurred, and the system of discounts was so arranged that any man in business needing a loan of fifty or one hundred pounds could obtain it. Against the earnest protest of the people of Scotland, in 1844, the act regulating the issues of the Bank of England was extended to the Scotch banks; and in 1847 and 1848, Scotland participated in the panic which then occurred in England.

Now, let us examine for a moment what a monetary panic is. It is a fear with which producers, merchants, and financial men are seized, no matter whether well founded or ill founded, that within a short period of time it will be impossible to obtain money to meet their pecuniary obligations. This, to a business man who has spent his life in creating a business and establishing his credit, is the greatest disaster that can come upon him, and to escape it he rushes, with all the others, to the bank and the money-market to secure the money he may hereafter need. The bank, on its part, seized with the same fear, contracts its loans, and so the apprehended disaster occurs. You will be able to understand the radical difference between paper money issued by a government and notes issued by a bank, when you remember that government paper money in general does not represent any equivalent value in commodities on hand anywhere, but merely represents past expenditures, without anything in hand as an equivalent to the currency issued; whereas a bank-note cannot get into circulation without an equivalent in hand of the drawers of the paper discounted by the bank. Bank-notes will not be demanded by the community unless commodities exist, produced by industry, which they desire to exchange; nothing, therefore, can be better secured than the bank-notes issued by well-managed banks.

When the Bank of England first issued notes to render them current it was stipulated that whenever the holder of any bank-note wanted coin the bank would redeem it in coin. That stipulation was not necessary at all to the local fulfillment of the functions of money, and yet the idea that this redemption is necessary to properly control the issues of bank-notes has gone through all banking. The only object in making bank-notes convertible into coin is to maintain them on a par with coin, so that all foreign balances of trade can be liquidated in coin at par, obtained in exchange for bank-notes. Bank-issues can only be properly regulated by the self-interest of the issuers and of those who use them. Bank-notes do not need to be redeemed in coin, because the indebtedness of the community to the bank is always in excess of the indebtedness of the bank to the community, and hence the liquidation of the former is amply sufficient to redeem the liabilities of the bank. But the Government is right in making bank-notes convertible into coin, for the reason that if anything be made a legal tender by statute, it should be that kind of money which is universally accepted in exchange for commodities and services. Hence the Constitution very properly stipulates that nothing but gold and silver coin shall be made a legal tender by the States. To the Federal Government is only given the power to coin money and fix the value of the coins; the States alone to possess the power to declare what shall be a legal tender in fulfillment of contracts. International commerce must use the precious metals, which alone are universally received as mediums of exchange and standards of value, and because as yet bank-notes do not circulate beyond the countries in which they are issued. The difficulty with us under suspension of specie payments is that whatever premium has to be paid to liquidate a foreign balance of trade of twenty-five millions, depreciates to the same extent the entire local currency we use, and the market-price of every commodity we buy or sell advances correspondingly to counterbalance the depreciation of the currency. This refutes

the theory which you have often heard, that the effect of suspension injures the farmers more than the other classes, because they sell at gold prices and purchase at paper prices. It is not possible in any community to have two values; the prices of all commodities, whether bought or sold, are based on gold, and not on the fluctuating value of the currency. It is not possible to fix a lower standard for what you produce and sell than for what you purchase; the value of all things is measured by the same standard.

Now, from the theory that the use of paper money necessarily leads to inflation comes the great outcry as to the difficulty of resumption. It is impossible for bank-issues to lead to inflation. The issues of a Government may lead to inflation, but not the issues of a bank, because these cannot exceed the wants of the community, as no one will pay interest for bank-notes and bank-loans not needed for the exchanges and payments of the community. The national banks are authorized to issue three hundred and fifty millions of paper currency, and that amount has been issued. Now, those issues were not forced upon the people against their will by legal-tender acts. On the contrary, merchants and traders went to the banks and asked them to loan them these bank-notes. If the Government issues of legal-tenders had rendered our currency redundant, the banks could not have put out any of their own notes. Money in New York constantly falls below the legal rate of interest; at times it only brings 3 or 4 per cent. Is that because our currency is inflated? Not at all. On the contrary, the whole history of our currency shows that this condition of things momentarily occurs even when our currency is insufficient in amount to effect the exchanges of the country during the moments of commercial activity. It occurs from the fact that for the time being, temporarily, there is not the average use for money. That our currency is not inflated is shown by the fact that in the fall, when the crops are sent to market, the entire volume of the currency is insufficient to meet the wants of the country. The fact which I have stated, that bank-notes can only go into circulation through the wants and demands of the merchants and producers to exchange commodities and effect payments, proves that no inflation can occur from the free issue of bank-paper, and refutes the theory that a circulation limited by legal restrictions produces speculation and often disaster. For instance, in the semi-barbarous countries of the East, having no banks at all, whatever money there is is in the hands of a few individuals, who, when the crops are coming to market, dictate their own prices, and the unfortunate producers are placed entirely at their mercy.

As I have stated, under the old free-bank system of Scotland the currency not only supplied every want of trade, but for one hundred and seventy-five years no monetary panic ever occurred in that country. But when, through the efforts of Sir Robert Peel, the banks of Scotland were brought under the same restrictions as the Bank of England, a monetary panic almost immediately followed. But in Scotland they had what I think banks should always have for the protection of the public—the personal liability of every stockholder.

Now, if I am right in saying that we have no overissues and no inflation in this country, you perceive that it simplifies and removes all difficulties in regard to the resumption of specie payment, and, in my judgment, the difficulties apprehended are entirely imaginary. The nature of banking itself demonstrates that the legal bank-reserves, about which so much has been said, are totally useless and nothing but mischievous. You never find a bank contracting its loans without a corresponding decrease in its deposits. It is by offsetting deposits against bank-loans that our bank-contractions take place, and not by using their reserves of money. The most reliable thing a bank has to depend on is its bills receivable, just as the only thing any business-man has to rely on is his assets. If a business-man does not collect two-thirds or three-fourths of what is due him, even in a severe crisis, it is an evidence that his business has not been well managed. This fact has been almost wholly overlooked in the legislation in regard to banking, as I demonstrated years ago in criticising the bank-statistics of New York, and the truth of the theory has been amply vindicated by the experience of the country since that time. The great difficulty in regard to what is called wild-cat banking was that the currency was based upon the deposit of State bonds; the banker was allowed to select the State bonds he should deposit, and consequently he purchased those he could secure at the cheapest rates, and which were of course the most unreliable and difficult of conversion when a crisis came. But the banker would not have invested his capital in State bonds had not this been rendered imperative upon him by legislation.

The CHAIRMAN. What do you mean by wild-cat banks?

Mr. MORAN. I mean banks depending entirely upon their circulation and doing no other legitimate bank-business. I think the term "wild-cat banks" was latterly mostly applied to banks in the State of Illinois. I was in Chicago when the break-down of that system occurred. You could not get anything but this miserable paper, until the business-men of the city one day in their distress agreed they would not take this money at all; and the moment that determination was announced the wild-cat money went out of circulation, and a good, sound circulation took its place at once. The effect was instantaneous.

I saw yesterday in this room one of the two leading wild-cat bankers of that day, Mr. Mitchell, of this committee. Mr. Smith, the other, I believe secured a charter of the State of Georgia, established his bank there, and issued his currency in Illinois, and he not only made money by the operation, but also rendered valuable service to the business-men of Illinois. Both of those gentlemen, I think, retired every dollar of their currency at its full face value.

The fallacy in regard to banks is that they loan capital or money. I have analyzed the returns of one of the most prosperous banks in New York, and proved they had no capital to loan, their capital being all invested in buildings and fixtures, and held in coin and bank-bills. All the coin in the city of New York is generally in the vaults of the banks; but that coin in no way belongs to the banks; it is the result of the industrial and commercial operations of the country, and is merely deposited there for safe-keeping until wanted by the dealers of the banks or the community. A bank-president on whom I urged, in 1857, that bank-contractions could not increase the coin in the bank-vaults, admitted this, but said that if the banks by contracting could not increase the quantity of gold in their vaults, they could at least depress the prices at which commodities were held, and thus induce their shipment to Europe. To this I replied that no man in Europe would buy anything of us he did not need, and that by depressing the price of what we shipped to Europe only increased the adverse balance to be paid in gold.

Shortly before the panic of 1857 commenced it was known that there were constant meetings at Manchester to determine whether at sixteen cents a pound the spinners could get the necessary amount of cotton to keep their spindles occupied; the result of the money-panic of 1857 was that the price of cotton was depressed at one time as low as nine cents a pound, averaging not over twelve cents, causing an immense loss to the country and to the producers. This was the result, not of a redundant currency, but of unnecessary and undue bank-contraction of loans. A different policy would have prevented the panic which brought ruin and disaster on manufacturers and merchants all over the country. That there was real cause for the panic other than the bank-contraction was subsequently very apparent, for most of the bankrupts after a little time paid one hundred cents on the dollar on all their indebtedness. A bank-contraction forces merchants to sacrifice their property, when with a little assistance from the banks they might tide over the difficult moment when their commodities are unsalable. Banks should not attempt to control the commerce of a country. The moment you import more than the country needs or can pay for, there follows a loss on goods imported; whether the currency be contracted or increased, a loss will result from overimportations, and the contraction of the currency is not necessary to make men more prudent; it only ruins them.

The CHAIRMAN. Let me ask you, in regard to the subject directly before the committee, whether, with the present currency, consisting principally of legal-tender notes and bank-notes, you would make any change in the character of the currency; and, if so, what?

Mr. MORAN. I would make no change whatever, I believe, in the currency, except remove all legal restrictions as to bank-issues and legal reserves. With those modifications we have to-day as favorable circumstances for resumption as ever can be obtained.

The CHAIRMAN. You have spoken of bank-issues in such wise as might lead to a misapprehension of your position. Do you mean by unrestricted bank issues a currency such as we had before the war?

Mr. MORAN. Of course that is a matter entirely in the control of the legislative authority. I am perfectly satisfied with our present banking-system if you will remedy the few evils now connected with it.

The CHAIRMAN. Was not one evil of the old system of free banking, of what you have called wild-cat banks, found in the fact that their issues went into the hands of the farmers, laboring men, and non-financial classes, who, when the crash came, were losers to a large extent, while the moneyed men, perhaps, were benefited by it?

Mr. MORAN. No, sir. The whole losses under that system were very small, as you will find if you will look at the statistics. Now, let me state why the circumstances at present are favorable for resumption, under the present system of a mixed currency of legal-tenders and national-bank notes. The difficulty in regard to resumption is in the transition period. You cannot resume by contraction, because the moment you commence to contract you derange the business of the country and bring on a panic; you clog all the beneficial operations of trade and commerce. You must resume in a moment when there is no demand for coin for export, and that can never occur except at a time when the crops are in hand and are available to liquidate our foreign indebtedness. It must be done by such a measure as Senator Sherman introduced into the Senate last year, giving notice a year or some other period of time ahead that the Government will resume payment on its legal-tenders, and the banks must then be held to their obligation to redeem their notes in legal-tenders or in coin. If there is any redundancy of currency, the natural laws of trade will cause it to flow back into the national banks. The moment the bank-notes are not needed for the purposes of business, their holders will return them to the banks and pay what they owe, so as to stop the interest paid for their use. Contraction by a return of bank-notes to the banks is a natural process which will regulate itself; and to return money to the issuers when not needed, and to draw it out again when wanted, is, strictly speaking, neither contraction nor expansion, but the maintenance of the currency at its proper volume at all times.

By giving notice eight, ten, or twelve months ahead of the day fixed for resumption, the natural and inevitable result will be to lead merchants, business men, and bankers to take such precautions as they deem necessary. A man who has gold on hand when worth 10 or 15 per cent. premium, if he has any faith in the Government, will see that when the period

of resumption comes his gold will bear no premium at all, and he will proceed to realize it and invest the proceeds in other securities. The very moment you give notice that you are to resume, gold will begin to fall. Your gold-bearing bonds, instead of rising in value, will contract in price, while your currency bonds will rise in price; and every man in Europe who desires to invest in our bonds will do it at once before the premium on gold and foreign exchange disappears and the prices of our currency bonds go up. There is no danger whatever of too much gold going out of the country; we never send either gold or bonds abroad unless we get something which we prefer or need more in exchange for them.

Mr. MERRIAM. What do you think would be the effect upon the price of gold if a quarter of one per cent. tax should be imposed upon the sales of gold?

Mr. MORAN. It would drive up the price, as you did once before by similar legislation. If you endeavor to place clogs upon any one of the operations of commerce, you immediately create a panic, and prices can no longer be controlled. The moment you prohibit the exportation of gold, it will begin to go out of the country. Louis Napoleon attempted once to attract breadstuffs to France by permitting their free importation, but prohibited their exportation from France. The result was that no breadstuffs came into the country, and the French were compelled to obtain their supplies at second-hand from England at advanced prices. No man will place his property where he cannot control it.

Mr. MERRIAM. Why does imposing a tax upon grain or upon any other commodity have a different effect from imposing a tax on gold?

Mr. MORAN. Because gold is used for different purposes than commodities. Those who hold it would not offer it at all; they would withdraw it from the market.

Mr. MERRIAM. If they withdrew it from stock-gambling operations, there would be no objection to that.

Mr. MORAN. They will withdraw it from the country unless you prohibit the exportation, and even that would not stop the outgo of gold. They will smuggle it through Canada and through Mexico.

The CHAIRMAN. Do not the speculators in the gold-room of New York tend to derange the business of the country?

Mr. MORAN. Yes, sir; constantly. I am very much opposed to the wild speculations carried on in New York.

The CHAIRMAN. Let me ask you whether the time sales of gold, long or short, whatever term you use, are made upon the idea of any actual transfer of gold? Does any coin actually pass?

Mr. MORAN. Invariably.

The CHAIRMAN. Do you know how much the sales of the gold-room amount to?

Mr. MORAN. They fluctuate, I think, from twenty millions to a hundred millions a day.

Mr. MERRIAM. At one time in sixty days the sales of gold amounted to eighteen hundred millions, with only thirteen millions of gold actually in existence in New York. At the time do you suppose that actual transfers of gold took place in that instance?

Mr. MORAN. No, sir; not a dollar of gold; and I will tell you the reason why. The clearing-house of the gold-room performs the same office in New York as the clearing-house of the banks. By means of the clearing-house, transfers are made from one operator to another in the shape of a statement of balances, but each operator who acts through a broker must actually pass the gold or gold-certificates or gold-checks in the transaction; but between the brokers it is settled at the clearing-house. A year or two after the beginning of the war I hardly met a man on Wall street or Broad street whose face I knew; and why? Because when two or three thousand millions of national indebtedness were created, when you built railroads from the Atlantic to the Pacific, and gigantic operations of every kind were being carried on, do you suppose these vast operations could continue unless the securities based on them could be disposed of? You create speculations because you create things to be handled, and in handling these matters speculators grew up. Ordinarily speculation does not advance the price of things. The average price in twelve months, on the contrary, is lower with speculation than without it, and for this reason: If a speculator anticipates a short supply of corn, he buys corn and withdraws it from the market, which at once produces a rise of price which stimulates production and importation as well as greater economy of consumption; so that the ultimate result is that the price becomes lower than if the speculators had not meddled with the article. Then, so far as the result on the speculator himself is concerned, if he makes a blunder in his estimate, as they do blunder nine times out of ten, he will be the main loser.

Mr. FARWELL. I think you were interrupted in what you were going to say as to the method of resuming specie payment?

Mr. MORAN. The announcement of resumption eight or twelve months ahead will have the effect of strengthening the specie reserves of the country. You will not have contraction as the result. On the contrary, you will resume without knowing you have done so, because the fall in the price of gold will be so gradual that no panic will be produced, and actual resumption will produce no perceptible effect on business, except to stimulate it after resumption has taken place. I predict that if you announce that resumption will take place on the 1st of January next, by the 1st of November gold will be at par.

Mr. FARWELL. Your plan, then, is to name a day in the future so as to enable the people to prepare for it, and to bring the balance of trade in our favor?

Mr. MORAN. Certainly. Let me call your attention to the fact that during the whole period of our suspension we have settled promptly every dollar of our foreign adverse balances of trade in coin: and if we have done that under suspension, why can we not do it under resumption?

Mr. FARWELL. Is it not a fact that the balances of trade have all been settled during the last ten years by sending our bonds abroad in large amounts?

Mr. MORAN. No, sir; not at all.

Mr. FARWELL. What, then, have we received for these bonds?

Mr. MORAN. You have got commodities which you regard as more valuable.

Mr. FARWELL. Then they have gone out in settlement of the balance of trade.

Mr. MORAN. Very well. You have got what you have considered more valuable for them. If you had not sold bonds to Europe, you could not have imported iron and other things to construct your railroads.

Mr. FARWELL. Your statement strengthens my position: That when we imported these things we had not the gold to pay for them, and could not have got them, and the fact that we have a thousand millions of indebtedness abroad shows that the balance of trade is against us.

Mr. MORAN. No, sir; you mistake the result for the cause. We could never have imported iron if we had not exported bonds. These gentlemen abroad have said to us, "We will take your bonds, not to pay gold for them, but in exchange for iron;" and we have preferred to take the iron for the bonds. Now, importation cannot take place unless the exchange of commodities is measurably equal. The importer must be sure of his market before he can bring over his goods, and he can only be sure of a market when the people have a surplus of means to apply to the purchase of his goods; otherwise he will find that a few cargoes of railroad-iron or anything else coming into New York will overstock the market and leave him a loser.

The CHAIRMAN. What do you mean by a balance of trade?

Mr. MORAN. I mean a balance which has to be settled in coin by us.

The CHAIRMAN. Then the difference between you and Mr. Farwell is in the definition. He understands the balance to be a difference between the amount of importations and exportations.

Mr. MORAN. That is the balance as presented by custom-house returns, but this is no true criterion of the real balance.

Mr. FARWELL. My definition is that, upon footing up the transactions, mercantile and otherwise, of a year, after footing up the debtor and credit side of the ledger, whatever remains is the balance of trade for or against.

Mr. MORAN. That is the balance exhibited by custom-house returns, but it is no true criterion.

Mr. FARWELL. Can specie payment be resumed and maintained with the balance of trade against us?

Mr. MORAN. The resumption of specie payment does not require a greater quantity of coin than the suspension to-day. Every dollar of duties on foreign importations has to be paid in coin, and there must be a reserve within the reach of the importers of the city of New York to meet these payments. Gold is required to pay interest on all the bonds of the Government. We have to pay to the importers gold for all the iron, sugar, tea, coffee, and many other products they import for us. Now, a large proportion of those payments will cease to be made in gold the moment you resume. Instead of your paper currency being at a discount, it will often command a slight premium. The moment you make it equal to gold it will then only be necessary to hold specie reserves in New York and San Francisco, and your legal-tenders, being made equal to gold, will be at a premium because of their greater convenience for internal commercial uses. It is a great mistake to suppose that foreigners have any great control over the gold supply of this country; but they have greater control over it under suspension than under resumption, because under suspension gold has a tendency to leave the country, while under resumption it will have a tendency to accumulate here until the aggregate is deemed ample for our future wants. If an amount of gold is retained in the Treasury, the banks need have none. I think it may just as well be in the banks as in the Treasury, yet banks will always prefer to hold legal-tenders when they are as good as gold. The gold-room of New York will then have no further existence, because no sales of gold will take place. It is not practicable, in large transactions, to use gold as a currency. The gold-room in New York tried it in settlement of their gold operations, and found it was impossible to count and verify the coin in time to make the settlements, and they therefore passed a rule requiring all settlements to be made in gold-certificates of the United States or gold-checks on banks. You will find there will be no important demand for gold, and no large drain upon the Treasury, after resumption. There can be nothing more wild and visionary than the projects which have been put forward of accumulating two, three, or four hundred millions of gold in the Treasury. The Bank of England has generally from twenty to twenty-five million pounds sterling (say a hundred to a hundred and twenty-five millions) of gold, and she will not permit that amount to be

much reduced without raising the rate of interest. You cannot accumulate a large amount of gold in the Treasury without perfectly deranging and greatly injuring the business of this country. Your cotton will not be worth 5 cents a pound or your wheat 50 cents a bushel, if you attempt to draw two hundred millions of gold from Europe. And the result would not be confined to this country. You would derange and impede the commerce of the world in your attempt. But if you can accumulate this gold, it could only be in exchange for a more than equivalent value of useful commodities. Gold is worth nothing as money except to exchange it for the articles you desire and prefer to gold, and you cannot procure gold unless you have those articles on hand. Now, the great advantage of the bank-note is this: The true theory of currency is to have its amount fluctuate in the same ratio as the fluctuations in the exchanges and payments of the community. This result can be attained by daily variations in the amount of currency in circulation, which cannot be done with coin without great loss. As I have said, there is no occasion to place any restriction upon the amount of bank issues. They can be best regulated by the demand of the community.

The CHAIRMAN. Please explain what you mean by bank issues.

Mr. MORAN. I mean the issue of bank-notes.

The CHAIRMAN. Do you mean that we shall allow banks to issue an unlimited amount of notes upon their own credit?

Mr. MORAN. That is not what I ask. Your system may for the present be allowed to remain just as it is, but eventually it will arrive at that.

The CHAIRMAN. Would you allow anybody to engage in banking and issue notes upon his own credit?

Mr. MORAN. I would; but I don't ask that. I would allow the present system to remain. I would allow the banks to redeem in legal-tenders, and the legal-tenders will then perform the functions of gold, precisely as the United States gold-certificates now perform the functions of gold. The moment you make legal-tenders convertible into gold, they become gold-certificates, and therefore will do away with all demand for gold in the interior operations of the country. In New York, whenever there is an adverse balance of trade to liquidate, gold will be drawn from the New York banks or from the subtreasury, and, as I have said, the New York gold-room will disappear forever, and that is why false representations as to the difficulty of resumption are so constantly set afloat and circulated. Gold-dealers and gold-speculators after resumption will have no further occupation, for no broker will then be able to sell a dollar of gold above par so long as it can be obtained at the subtreasury at par when needed.

Mr. MERRIAM. How much gold do you think should be in the Treasury to make it safe to resume?

Mr. MORAN. A hundred millions is the utmost; and I think you should pass a law prohibiting the Secretary of the Treasury from accumulating more than that. There is no greater wrong that can be done than for a government to collect revenue beyond its real wants, and thus lock up the instruments of exchange which are indispensable to the business operations of the country. If the Government had continued specie payments, instead of wanting vast amounts of coin to carry on the war, ten or twenty millions constantly passing in and out would have been sufficient, because war consumes no money whatever, nor does any other use of gold as money. You can invest the products of labor in railroads, buildings, &c., but not a dollar of money. Money passes from one individual to another, but always remains in hand somewhere.

Mr. FARWELL. I understand you to say that the matter of a balance of trade, as I interpret it, cuts no figure in resumption. Now, suppose the Government should decide to resume, and that men in New York or on the other side should continue to come here with a hundred million dollars of bonds, go into Wall street and exchange them for greenbacks, and take out in redemption of greenbacks what gold there was in the Treasury; would that not be an end of resumption?

Mr. MORAN. Yes; but you will have to explain how they can do that.

Mr. FARWELL. What is there to prevent capitalists abroad from coming over here with a hundred million dollars of bonds, selling them in New York, and taking the greenbacks they receive in exchange to the Treasury for conversion into coin, and then taking the coin abroad? If the bonds were all held in this country, I can see there would be no trouble; but a thousand millions of them held on the other side, and being negotiable securities, it would not be difficult to gather up a hundred millions.

Mr. MORAN. The thing is simply impossible. The moon can fall upon the earth just as easily as you could carry out such a proposition. You could not get a hundred million dollars of bonds. You forget that they are scattered all through Europe in small amounts. Nobody in Europe has a million dollars of bonds.

The CHAIRMAN. The syndicate has two hundred millions.

Mr. MORAN. They have not a million dollars. The impression seems to be in the community that these bonds lie in bulk where anybody can lay his hands on them. It is a complete mistake. They are scattered in small sums all through Europe; and, besides that, the men who hold bonds rarely, if ever, need money; and the men who want money rarely, if ever, have bonds.

Mr. RANDALL. State whether a resumption of specie payment in this country would not induce more tenacity on the part of the foreigner in holding our securities.

Mr. MORAN. Very much ; there is nothing that ever induced my friends abroad to sell their American securities until we suspended specie payments ; and the moment you announce a resumption you will find them eagerly buying up our securities and availing themselves of the larger amount of interest we can afford to pay.

The CHAIRMAN. Please explain how it happens that our agents have succeeded within the last two years in gathering up in Europe two or three hundred millions of 6 per cent. bonds for the purpose of substituting 5 per cent. bonds ?

Mr. MORAN. Because you announced that the bonds must be presented, and that interest would cease ; and even then many of the holders didn't present them, and have not to this day.

Mr. MERRIAM. The German government have taken fifteen millions of our bonds. What is to prevent them from buying a hundred millions ?

Mr. MORAN. Nothing.

Mr. MERRIAM. Suppose that is done and they afterward conclude they want a hundred million dollars of gold : what is to prevent them from sending the bonds over here and taking our gold ?

Mr. MORAN. Suppose they should get a hundred millions, which would never occur, and present them here ; before they can present any claim at the Treasury, they must convert the bonds into legal-tenders. Now, I want to know how a man will get possession of a hundred millions of legal-tenders in this country. You have got to collect them from all the towns and business centers of the country. They could not accumulate twenty-five millions. Five millions of legal-tenders withdrawn from the banks of New York will often make money so scarce as to produce a panic. You could not take twenty-five millions of currency from the business of the country without paralyzing every branch of business and reducing prices so as to make it impossible to sell any bonds. None of our wealthy men, so called, have money. Vanderbilt has no money ; Jay Gould has no money ; they are speculators and deep in debt, borrowing money on the stocks they hold continually ; and who is going to loan them money with which to ruin the Government and the best interests of the country ? They will be the first men anxious to borrow money to pay their own liabilities, which would at once be demanded of them.

Mr. MERRIAM. Then you assume that it is impossible for any large amount of legal-tenders to be presented for redemption at once ?

Mr. MORAN. I assume that it is positively impossible.

Mr. FARWELL. Let me ask another question. Suppose we announce resumption at a given day ; the balance of trade has been against us for ten years ; suppose it continues at the rate of one million a week, which must be liquidated by sending out a million of gold a week : do you think it would be practicable to continue specie payment ?

Mr. MORAN. O, yes ; you can very readily meet a drain of fifty millions a year, but it will never occur in the form you state. You are stating a thing that is impossible. You never saw in any country a drain continue for twelve months, because a drain of specie from a country is always the consequence of an exceptional condition of things. It occurs in England generally when she has a bad harvest, and requires thirty millions of breadstuffs to be brought from the United States ; she has no such amount of surplus commodity to give in exchange. It takes time to create and accumulate an excess of production, and an adverse balance of trade only occurs while this deficiency is being made up. Coin has then to be exported from the country ; but just as soon as the equilibrium is re-established, gold will flow back again.

The CHAIRMAN. On the subject of legal bank-reserves, state whether the requirement of the present law has not saved a great many banks from ruin.

Mr. MORAN. It has never saved one bank, but, on the contrary, has ruined a great many.

Mr. RANDALL. Who would you make the man to determine the amount of currency to be issued and the amount of reserve to be kept for an emergency ?

Mr. MORAN. The bank managers. If they make a mistake, their banks are wiped out and other men take their place.

Mr. RANDALL. You think the depositors have no right to require that a reserve shall be kept for their protection ?

Mr. MORAN. No, sir ; they have no right ; they are protected by the assets of the bank.

Mr. MERRIAM. You say there are certain evils in our present banking system. What evils do you refer to ?

Mr. MORAN. I would do away with the reserves ; they are an evil.

Mr. FARWELL. And permit free banking ?

Mr. MORAN. Yes ; permit banks to be established in whatever quarter they please, to issue just as much currency as they can give security for and put into circulation. The result will be that in the long run you will make your transactions upon an amount of money smaller and more nearly equalized than under any other system the mind of man can conceive.

Mr. MERRIAM. That is the only evil you think of ?

Mr. MORAN. That and the stipulation as to the legal reserves to be held by the banks are the only evils ; I think the restrictions upon the amount of currency a bank may issue is an evil.

Mr. RANDALL. Can you state what was the effect of the amount of currency in circulation upon the price of gold during the long period of suspension of the Bank of England?

Mr. MORAN. The effect in regard to the suspension of the Bank of England is entirely misapprehended; the fluctuations in the value of specie in England after the suspension of the bank had no relation whatever to the amount of the bank-note circulation; it rose with a diminished circulation, and it fell with an increased circulation. The history of that period shows conclusively that the fluctuations in the prices of gold in Great Britain during the suspension of the bank had nothing whatever to do with the amount of circulation, but was caused by the relative difference of supply and demand. As early as 1817 the bank was in a condition to resume specie payment, and to that end began to call in the small notes which had been issued during the war. Gold accumulated in the hands of the country banks and bankers, and nothing but the purchase of the Bank of England kept gold at a slight premium. But the British government, fearing that resumption by the bank would render money scarce, and thus interfere with funding the large floating debt then existing, had an act of Parliament passed which only required the bank to resume in 1823, although the bank itself was ready to resume in 1817; the consequence was that everybody became emboldened in their operations. Thirty millions of pounds sterling of the government loans of the continental nations were negotiated in England, and took from the country thirty million pounds sterling of real capital, and it was that withdrawal of capital from the country which subsequently caused the crash of 1825.

Mr. HUNTER. You have given us one of your plans of changing our currency, which is to make banking free. What other changes would you make in the laws?

Mr. MORAN. Nothing, except that the Government should bring the four hundred millions of legal-tenders to the specie-paying basis as rapidly as possible.

The CHAIRMAN. I understand that you propose that the Government shall commence specie payment in January, 1875, and that they shall withdraw their requirement of bank-reserves.

Mr. MORAN. Yes, sir; that is it.

Mr. FARWELL. On the basis that there are held on the other side a thousand millions of our Government bonds, we should have to export sixty millions per annum of gold to pay the interest on these bonds.

Mr. MORAN. You have been doing that all along.

Mr. FARWELL. And we have also been increasing our other debts.

Mr. MORAN. You may be sure that these are things that neither banks nor economists are bound to look at; they are self-regulating; you cannot disturb the exchanges between countries for any length of time.

Mr. FARWELL. But the fact, notwithstanding, exists that these bonds are held on the other side, which must be provided for in specie by this country. If these bonds were all held at home, I can see there would be no difficulty, so far as they are concerned, in resuming; but the time will come some day when we shall have to send the gold out of the country to pay for them.

Mr. MORAN. No, sir, never; for the reason that the property we received in payment of these bonds when they were sent out will have produced more than the whole price of them. You have made an investment of capital which will produce large additional returns beyond what you would have had had you not have sold the bonds to Europe, and that capital produces wherewithal to pay the annual interest, and to create a sinking fund that will redeem the bonds whenever it is necessary to redeem them.

Mr. FARWELL. I fancy it was our necessities that compelled us to send over these bonds.

Mr. MORAN. Not at all. Did your necessities compel you to build the Union Pacific Railroad, or did you build it because you wanted it built?

Mr. FARWELL. I would like to ask you a question upon the rate of interest. Would it be advisable for this Congress to pass a law removing such restrictions upon the rate of interest?

Mr. MORAN. I believe there never has been but one bank which has been properly conducted in regard to its rate of interest. The Bank of France is the only bank, except the old Scotch banks, which has ever been properly conducted. The Bank of France was created by Napoleon near the commencement of this century, and from that time until Napoleon III it never charged but one uniform rate of interest, and that 4 per cent., and yet it was within twenty-four hours of all the great monetary centers of Europe. It resisted all the drain of London, Berlin, and Vienna, charging steadily 4 per cent. interest, while the rate in London was 6 or 7 per cent.

Mr. FARWELL. Then you are in favor of the Government fixing the rate?

Mr. MORAN. That you can pass laws which will maintain a uniform rate of interest I do not believe, but there will never be another monetary panic if you will allow the banks to manage their own affairs, and there will be a better and more uniform currency than under any possible restrictions.

Mr. FARWELL. Then do I understand that you are in favor of the banks charging whatever they can get?

Mr. MORAN. Certainly; and at the same time if you choose to fix a uniform rate of interest, there is no objection to it. The whole tendency of things is to establish a uniform rate

of interest throughout the world. If you can pay 7 per cent. in this country, they cannot keep the rate of interest in England down to 3 per cent. There is one thing I omitted to say. In the future the currency of the world is, in my judgment, to be in bank-checks and bank-notes, and coin will become obsolete and go out of use as money.

Mr. CHAIRMAN. You have stated that bank deposits are the counterpart of the indebtedness of the banks. What percentage do you think of the drafts that are drawn upon banks by depositors is actually presented at the counter, and cash received upon them?

Mr. MORAN. I don't think in this country we have any data from which that question can be answered. They have in London most accurate data. Sir John Lubbock had an accurate statement made of the amount and nature of all payments to his bank. Coin and bank-bills only amounted to about $3\frac{1}{2}$ per cent., and all the rest were pieces of paper with figures written on them; and the same thing practically is done in New York, where we liquidate daily a hundred or a hundred and twenty-five million dollars, with three or four millions of legal-tenders.

The CHAIRMAN. And these legal-tenders are used to settle the balances at the clearing-house. I infer from your remark that you have no data on which to base your opinion as to what portion of drafts are actually presented at the bank-counter for payment.

Mr. MORAN. No, sir; and the statistics would be almost perfectly worthless if you had them. Because correct statistics are presented, does that insure that correct deductions are drawn from them?

Mr. Buchanan, who on Saturday last, on the invitation of the committee, made a statement, now had permission to ask Mr. Moran such questions as he desired.

Mr. BUCHANAN. When you speak of the power of resuming specie payment upon a very small amount of coin, and instance the Bank of England, do you take into consideration the fact that the Bank of England pays specie upon its own option, and may withhold it whenever, in the judgment of its directors, circumstances require?

Mr. MORAN. You are entirely mistaken in point of fact. The Bank of England does not pay coin upon its own option; it is compelled to redeem its notes in gold.

Mr. BUCHANAN. Has not the Bank of England suspended specie payment three times since 1844?

Mr. MORAN. Never. The bank always has on hand a large surplus of coin. It was the government that suspended the bank act of 1844, which restricts the issue of bank-notes, and they would have broken the bank if they had not removed the restriction, and would have broken with it every merchant in England. They suspended the bank-act, and no more money was drawn from the bank; and in fifteen minutes after the restriction was removed the pressure for money stopped.

Mr. BUCHANAN. Is it true that during that time a large amount of paper was issued by the bank, and that the bank was compelled all the time to redeem that issue of paper?

Mr. MORAN. Every dollar.

Mr. BUCHANAN. Then there is a very considerable incongruity in the history of those times.

Mr. MORAN. Not at all. You cannot find it in any history.

Mr. BUCHANAN. There is another question connected with the same matter. You speak of hoarding up a large amount of gold in the Treasury as being against the rights of the people of this country. Now, you do not use gold coin in New York, but you use certificates for it. Suppose a large amount is collected in the Treasury of the United States, and the people have paper representing that amount for their use in business, that will not cripple them?

Mr. MORAN. There is where the fallacy of your plan is shown. You propose to issue Government paper based on Government bonds, and you propose that the interest payable on the bonds deposited in the Treasury of the United States shall be retained until the amount of four hundred millions is accumulated in coin.

The CHAIRMAN. Before you criticise Mr. Buchanan's plan, I should like to hear an answer to his direct question. Suppose that, under our present laws, gold-certificates are issued to the amount of four hundred millions or more upon gold actually deposited in the Treasury; how would that affect the industries of the country?

Mr. MORAN. Not at all, if you had the gold in the Treasury. But what will happen while the gold is being accumulated; where will you get it? If you produce it from the mines of California and Nevada, every dollar is expended in the production, and you might just as well get it from anywhere else. What are you going to do in the mean time for gold to meet the requirements of the commerce and trade of the country? Such an experiment would not only destroy the commerce of this country, but the commerce and trade of the world. The first impression is that, at the point where gold is produced and from whence it flows, interest ought to be very low, and yet the fact is that at those points interest is always excessively high. It makes no difference practically on this question where the gold is. When it is in London it is just as much in our possession as when it is in California; it is merely a question of the time it takes to bring it here.

Mr. BUCHANAN. Does not the Bank of England raise the rate of interest to prevent the outgoing of gold from the country?

Mr. MORAN. The Bank of England certainly raises the rate of interest for that purpose,

but never succeeds thereby in stopping the export of gold when necessary to obtain what the country needs.

Mr. BUCHANAN. Does not raising the rate of interest by the Bank of England bring gold into London?

Mr. MORAN. It does not; it goes out in the face of it.

Mr. BUCHANAN. You speak of the hardships to the business of the country that will occur while this amount of gold is being accumulated in the Treasury of the United States. You have already accumulated there a large amount of gold-bearing bonds, and yet an amount of money equal to the necessities of the country continues in circulation.

Mr. MORAN. You cannot get gold in exchange for the bonds, but you can get commodities, which are more useful than gold.

Mr. BUCHANAN. Suppose bonds to the amount say of four hundred millions are turned into the Treasury, and four hundred millions of notes are turned out for the use of business; in the mean time suppose, as now, the mines of California continue to produce a hundred millions of gold a year, which is gradually taken into the Treasury until four hundred millions have been accumulated: would the business interests of the country suffer more than they would have suffered if this amount of gold remained in the mines?

Mr. MORAN. You leave out of sight the fact that if you bring gold into the Treasury you must have something to obtain it with. Gold must be exchanged for commodities; it cannot be obtained unless you have the commodities.

Mr. HUBBELL. Would it be possible to hold four hundred millions of gold in the Treasury?

Mr. MORAN. You may pass the act, but you forget what is the use of money; you forget that gold is only valuable as it represents something in the hands of the community. It is of no use to you while you continue to hold it. It is only in parting with it that it becomes useful to you.

Mr. BUCHANAN. The point of your objection to my proposition is that while the gold is accumulating in the Treasury of the United States, the effect will be very detrimental to the business of the country, because that business will not have the use of this coin during the time.

Mr. MORAN. My objection is that your plan is impracticable. You start upon the proposition of accumulating four hundred millions of gold. From where are you to get your four hundred millions? You must get it in exchange for the production and earnings of the people; you have got to have the property with which to buy the gold.

Mr. BUCHANAN. I can bring over from Europe within the next thirty days twenty-five millions of gold-bearing bonds in exchange for the products of this country. Now, then, if we have the coin deposited in the Treasury and take notes out, what evil occurs? There is no coin in actual circulation to-day. We use paper that represents it. It makes no difference to the business of the country whether four hundred millions of coin or four hundred millions of paper is in circulation, so that one is equivalent to the other.

Mr. MORAN. That is true only now under suspension; gold-certificates and gold-bonds are not gold; you cannot use your paper money to buy commodities with abroad; you start with conditions that are impossible.

Mr. BUCHANAN. What I say is that the general business of the country is transacted without the actual use of gold now.

Mr. MORAN. Gold is used to the extent that we actually need.

Mr. BUCHANAN. The reason we don't use gold is that we are using something else in place of it, having certificates for gold in the Treasury, to be exchanged for it at the option of the holder; that certainly does not interfere with the course of business.

Mr. MORAN. No; but to bring this large amount of gold into the Treasury would be ruinous to the country.

Mr. BUCHANAN. My proposition, however, is to bring the gold from the mines of California, and not to make any drain upon that now in the country.

Mr. MORAN. Well, it will ruin the country all the same. We want no gold. This idealization of gold is one of the relics of barbarism; gold is not wanted except for the arts, it is not wanted for money, and it will be dispensed with for that purpose altogether at no very distant day.

Mr. MERRIAM. As there is no possibility of Congress taking any steps at this session for a resumption of specie payment, the question is, what change in our national banking system would you advise?

Mr. MORAN. I am very sorry if there is no such possibility. I would then advise no change at all; let it remain until you get ready to resume.

Mr. HUNTER. You think this doctrine, that there is too much currency at one time and too little at another, has nothing in it?

Mr. MORAN. Nothing whatever; there has not at any time, so far as I know, been any great amount of actual deficiency in the currency; there has been a deficiency in bank-loans, and it was that that caused the late panic.

Mr. HUNTER. Suppose a bank has deposits to the amount of a hundred thousand dollars in greenbacks and in bank-currency, and has loaned out a hundred thousand dollars, leav-

ing not five dollars of currency in the bank, what I want to ask you is, whether, on the first demand for currency being made, the bank will not have to suspend at once.

Mr. MORAN. You cannot prevent it; the great blunder of our banks is in their mode of conducting business by making promises which it is impossible to perform. Under the old system there was no possibility of complying with the promise they made of redeeming their bank-notes in specie. Specie payment was a perfect fallacy then and always will be on the principle banks are now conducted on.

Mr. HUBBELL. If you propose to abolish the banking reserves of the country, how are you going to keep the banks sound?

Mr. MORAN. The proper plan is for each bank to keep two accounts with its dealers—a cash account and a credit account. Let whatever is deposited in cash be withdrawn in cash; but when a man comes and wants a discount, say to him, “I will loan you my credit, but you must not come to me to-morrow morning and say that I must pay you coin or legal-tender notes for it.”

Mr. HUBBELL. Do you understand that the banks make their money out of their deposits?

Mr. MORAN. No, sir; they make their money by discounts and interest; the deposits of money do not amount to anything; but, so far as the reserve is concerned, under the present system of banking, if you abolish all legal restrictions as to reserves, the banks will in all probability keep a larger average reserve than the law now requires. The whole thing must be left to the prudence and intelligence of the men controlling the banks, and they will probably, of their own accord, keep a larger reserve than your present banking regulations require; but they will be able to use these reserves when this becomes either beneficial or necessary to the welfare of the community and of the banks, which they are prohibited from doing under the present law.

WASHINGTON, D. C., *January 19, 1874.*

BENJAMIN F. NOURSE, representing the Boston Board of Trade, in the cotton business since 1835, appeared at the request of the committee.

The CHAIRMAN. Please state whether, in your opinion, there are any defects in our present financial system; if so, what they are, and how are they to be remedied.

Mr. NOURSE. I should say that our financial system is defective in this, that we have not the currency of the world; that is, one which is in the world's standard of value. We have for the time thrown out specie, which is the currency of the world. Our financial system is also defective, in comparison with others, in lacking the power for action, and, being defective, it is isolated, set apart, and cannot draw to itself, in the necessities of business, that condition of support through the currency of the world which is essential to a state of high prosperity. I would remedy it by bringing it into accord with the standing currency of the world, which is specie. I would have a currency redeemable in specie, a mixed currency which should have the value of gold.

The CHAIRMAN. Would you suggest any change in the character of the currency other than to make it redeemable in gold?

Mr. NOURSE. I think we have conclusive evidence that our present currency is excessive in amount as deficient in character. If it were not excessive, gold would not leave us as it has done the last few years under the laws of trade. For instance, during and immediately preceding the late panic, when there was a check on remittances from this country to Europe in payment of debts or in payment of imports, coin began to flow to this country. The currency having been so violently contracted just at that time, reducing the value of money, and through its value also the value of foreign exchange, gold came for the purchase of our commodities and for the purchase of exchange. The reduction of our currency by withdrawal has the same effect in trade as reduction by destruction. One is temporary, the other permanent in its character.

The CHAIRMAN. In regard to the character of our currency, would you exchange either the legal-tenders or national-bank notes, or both?

Mr. NOURSE. Passing by altogether the question of the adoption of the legal-tender notes and the necessities of the country under which they were created, I would say that whatever urgency there was then has now passed by, and the time has come, and has been for several years, when that portion of our currency should have been gradually elevated toward the par of gold by a slow but sure and irresistible process.

The CHAIRMAN. Has it not been?

Mr. NOURSE. It has not by force of legislation or action in that direction. It has by natural forces, and one of them, and a great one, in my judgment, is this: that not less than \$200,000,000 or \$250,000,000 of this paper currency has gone into private hoarding, and chiefly in the cotton States since 1866, when cotton began to pay a little. Since that time \$2,234,000,000 have been received into the cotton States for cotton produced and sold beyond their borders. Now, I think it impossible for the most accurate statisticians among the southern men to account for the whole of that amount by at least \$300,000,000, after

appropriating \$200,000,000 for works of public improvements, factories, &c., besides the cost of restocking plantations, and all supplies of food, clothing, groceries, tools, implements, and whatever else has been expended outside of the cotton-growing States; that is a statistical position which I arrived at approximately two or three years ago, but there is a large array of isolated acts tending to confirm it. Among the members of our national board of trade, gentlemen from New Orleans, Mobile, Louisville, and elsewhere, brought each his own array of facts in strong corroboration of the general habit, which has been increased since the war, of hoarding money in the South. You, Mr. Chairman, probably know, as I know, the cotton-growing people of the South are very peculiar in their character. Before the war there was a habit of hoarding money, chiefly in gold. It was a very general practice. There was no general system of savings-banks, such as prevailed in New York and the New England States, convenient to the plantations, and therefore the habit of hoarding up money by individuals prevailed.

Mr. MERRIAM. Let me ask whether the \$2,234,000,000 taken to the South, of which you spoke, has been wholly for cotton?

Mr. NOURSE. Wholly for cotton.

Mr. MERRIAM. In your judgment, has the large amount of \$200,000,000 been hoarded in the South by colored people?

Mr. NOURSE. I have no doubt very largely by colored people; but I think very much more largely by the whites.

The CHAIRMAN. What change would you make in the character of our currency, by which I mean in the form of legal-tender notes and bank-notes; what would you recommend?

Mr. NOURSE. The very first process, I think, should be to bring the Treasury notes of the United States to the par value of gold by some process of redemption; something that will accomplish that result safely and urely, not suddenly, but in the course of, say, three or four years.

The CHAIRMAN. The currency we have now is of the two kinds I have mentioned. Would you withdraw either of these descriptions of currency and substitute any other form?

Mr. NOURSE. No, sir; I would only suggest that the legal-tenders should be brought to the par of gold, which would necessarily carry along the other currency with it, because the bank-notes must be redeemed in legal-tenders.

The CHAIRMAN. Will you tell us how, in your opinion, we can or should return to specie payment?

Mr. NOURSE. By giving to legal-tenders, maturing at the rate of so many millions a month, redemption in gold. They now exist in the shape of obligations which have not the benefit of definite maturity, nor are they payable on demand. I would have a new issue of legal-tenders, either gold-notes without interest, or bearing a low rate of interest, say 3 per cent. per annum compounding, a certain amount of which should be issued each month in exchange for existing legal-tenders, the new issue payable in two years, and maturing at regular periods in the future, to be redeemable either in interest-bearing bonds, or by payment in gold. It would require time for that, for it should be done at such intervals and in such amounts as would inconvenience neither the Treasury nor the business of the country.

The CHAIRMAN. Would you have them retired as fast as they are paid off?

Mr. NOURSE. As fast as they are paid off. The plan contemplates that afterward Treasury notes may be issued and go again into the currency of the country, but redeemable in gold on demand.

The CHAIRMAN. But in the mean time how would you fill the vacuum created by the withdrawal of the amount you suggested from the currency?

Mr. NOURSE. Under the plan I suggest there can be no vacuum created until the maturity of the first amount selected, which I would not have in less than two years. Then as these obligations began to approach maturity, the natural effect would be a contraction of the currency of the country, caused by their becoming superior in character. But the process would be so slow that it would not be perceptible at any early time. In the mean time, if there should come any pinch in the money-market, the want could be supplied by the gold-notes or the 3 per cent. interest-bearing notes going into circulation.

The CHAIRMAN. You are a member of the Boston Board of Trade, and have been attending the National Board of Trade recently in session in Baltimore. I notice that they have adopted with great unanimity a resolution in favor of re-establishing our currency upon a specie basis.

Mr. NOURSE. Their action looks to that ultimately; but their resolution or memorial asks that there shall be no further issue of currency as one proposition. Their second has already been acted upon by Congress; that is, that Congress shall reduce its appropriations to the lowest possible amount consistent with the public interest, and on the basis of the severest economy.

The CHAIRMAN. Was it the wish or feeling of the Board of Trade that we should return to a specie basis?

Mr. NOURSE. It was unanimously.

The CHAIRMAN. What does the National Board of Trade represent?

Mr. NOURSE. Delegates from the local boards of trade throughout the United States.

The CHAIRMAN. It represents very largely the commercial interests of the country. If, then, they desire to see the currency of the country placed upon a specie basis, why do they not return to a specie basis?

Mr. NOURSE. They cannot do so without the action of Congress.

The CHAIRMAN. Why not?

Mr. NOURSE. Because our present currency is purely the creation of law. If that restriction were away, and it were left to the effect of natural laws, it would very speedily bring us into true relations with the rest of the world. But now we are thrown out of the normal condition by the abnormal creation which has been made under our statutes.

The CHAIRMAN. We are told in regard to rates of interest established by statute that the laws of trade and commerce are superior to the laws of the land, and not to be controlled or affected by them; that when we attempt to regulate the rate of interest we are simply laughed at. Why are we not equally powerless in regard to the return to specie payment?

Mr. NOURSE. It is very easy, if you will allow me the illustration, to dam a portion of the waters of the Mississippi Valley. Indeed I believe it would be possible to dam the Mississippi River at a certain point, and while the water remained low that dam might stand, and the water be turned back and caused to depart from its natural course. But there is a point at which that resistance would give way and the forces of the natural law of gravitation and the whole dam system would be swept away. So you have power by the legislation of the Congress of the United States, the laws of the land, to resist the natural laws controlling the finances up to a certain point, and to hold them within certain walls, but beyond that point the natural laws of trade will prevail over any such artificial restraint.

The CHAIRMAN. The specie basis prevails on the Pacific coast, does it not, at this time?

Mr. NOURSE. Yes, in a great degree.

The CHAIRMAN. Is it just possible that there is something else in the currency; that there is a practical convenience and advantage in the currency which gives it this permanency and resists this other pressure toward the specie resumption you speak of?

Mr. NOURSE. There are several very important conveniences in the currency as we now have it; for instance, the bank currency is uniform throughout the country. It travels all over the United States, and is current everywhere, as the notes of the old United States Bank were before the expiration of its last charter. In that respect it is a national currency, and I should be glad to see it made permanent if we could put it upon a specie basis.

The CHAIRMAN. Is it true, as was stated in the committee-room the other day, that we have now the best currency we have ever had in the recollection of any of us?

Mr. NOURSE. I believe the remark is true with this limitation: that we have the best for an irredeemable currency we have ever had. In many respects it is better than the old specie-paying currency under the State banks. Under that system the notes of the banks circulated only over a limited area, and were consequently continuously running home for redemption. The system of clearing now adopted is very much superior to the old system, and it would be far better if it were on a specie level.

The CHAIRMAN. What, in your opinion, was the cause of the late panic?

Mr. NOURSE. The immediate cause was the failure of some of the leading banking-houses, occurring at a critical moment, as was the fact in 1857, with the Ohio Life Insurance Company, the failure of which was then the immediate cause of the financial crisis which occurred. The causes leading up to the late panic, however, were in part a withdrawal of a very large amount of paper hoarded up by individuals in the country; and simultaneously with that the increase to a very large extent of private indebtedness. At the close of the war there was very little private indebtedness. The banks were filled generally with the public debt, which was the most profitable to them. The bonds advanced upon their hands, and the banks became rich. And as they realized from the commencement large profits from these investments, it became their interest to continue such investments rather than by the negotiations of private loans. We have now private bank loans, as is stated, to the amount of \$940,000,000.

The CHAIRMAN. Do you think any legislative provision could have prevented the panic?

Mr. NOURSE. Yes; if it had been done in time, as effect follows cause. It might not have been prevented, but its effects would have been less disastrous.

The CHAIRMAN. What do you think Congress could have done which would have prevented the panic?

Mr. NOURSE. I think if they had indicated such policy as would show the determination of Congress to elevate the currency to the specie level, no matter how slowly, it would have tended very much to check the expansion of indebtedness, which, as I have said, was one cause of the panic.

The CHAIRMAN. Did not Congress do that very thing? Didn't they, early in 1869, declare that the United States notes should be redeemed in specie at the earliest practicable moment?

Mr. NOURSE. Yes; but in the mind of business men there have been practicable moments in the last two or three years that this promise could have been redeemed and was not.

The CHAIRMAN. You think they should have fixed some date?

Mr. NOURSE. No, sir; it is not within the power of the Congress of the United States or

any earthly power to name a day when such an event as the resumption of specie-payments should occur, but it might inaugurate measures, the effect or tendency of which will lead to that condition when it may occur.

The CHAIRMAN. Then, to go back to my question, what do you think Congress ought to have done that it did not do which would have had the effect to prevent the late panic?

Mr. NOURSE. Take the resolution of 1869 as true and right, if the feeling that Congress had adopted some action like fixing a maturing day for the legal-tenders, it would have shown to the world and the capitalists of the world that Congress had determined, not only by resolution, but by action in the definite direction, to produce that result.

The CHAIRMAN. Do you know what percentage of difference there is in the price of coin now and when that resolution was passed, in 1869?

Mr. NOURSE. I think the price of gold was then from 30 to 32, and that it is now from 10 to 12 premium.

The CHAIRMAN. Then we have appreciated in that time 20 per cent., or about that. Is not that approaching the result?

Mr. NOURSE. It is approaching; but then we are liable at any time to have the premium on gold advanced to 30 or 40 under the present condition of things. If anything should occur to bring out the currency now hoarded and throw it into the market, it would produce so disproportionate an amount of paper currency to the requirements of business that gold would immediately go up to 120 or 130 under the combinations of some gold-ring, as was threatened at one time last summer.

The CHAIRMAN. Tell us whether, in your opinion, we shall not commence specie-payment or go to a specie basis just as soon as the commercial or financial condition of the country will permit, and not sooner. Can we either precipitate or retard it by any legislative act?

Mr. NOURSE. I think your first proposition is true. There must be that condition before specie payment can be actually accomplished; but that it may be facilitated or retarded by the action of Congress I am entirely sure.

The CHAIRMAN. Do you think the late panic has passed away entirely?

Mr. NOURSE. Yes; I think the panic has passed away, and has given way to something in the opposite direction; that is, by stagnation in the uses of money, and by throwing out a very large proportion of the reserves in the Treasury, competition for the use of money has been reduced, and the owners of capital are competing with each other to find choice places in which to use it. This reduces the rates of interest upon loans very rapidly.

The CHAIRMAN. State whether a similar panic could be prevented or avoided by any legislative action.

Mr. NOURSE. Let me first add to my answer to your former question as to whether Congress could have prevented this panic: Under the conditions then existing Congress could not have prevented it; but it might have modified its effects by the measures I have suggested. There are conditions which will produce violent spasms in the money-market. One is by overtrading, and another by an overextensive use of the available capital of the country; then, when the pinch comes, you cannot prevent a panic, whether you are on a specie basis or a currency basis, in this or any other country. Such panics can best be prevented by restraint upon the creation of debt, and that policy which tends to improve the currency and bring it up to the specie level and prices to the gold standard of value, so as to restrain the undue creation of debts, and a greater discrimination between the classes of credit offered in the market for sale.

Mr. MERRIAM. If the Government had been in a condition to loan the bankers fifty or one hundred millions of currency, would not that have stopped the panic?

Mr. NOURSE. I have no doubt it would have prevented the suspension of the banks in New York; and perhaps the use of that amount of money, if it had been available, from the Treasury of the United States, would have arrested the panic. But the panic would not have been arrested by the knowledge of the fact of that amount being in the Treasury without its being actually put into circulation. The banks in the suspension of 1857, by the adoption of proper precautions, brought up the credits of the country to their proper level, and in three or four months the current rate of interest was reduced from 20 to 30 per cent. per annum to 3 or 4 per cent. in the chief cities.

The CHAIRMAN. State whether, during the late panic, there was or was not a scarcity of currency.

Mr. NOURSE. There was an actual scarcity of money, and very great scarcity of the currency in actual use, for the reason that a very large amount of it had been retired into private possession, which did not come immediately into circulation through deposits in the banks, while the banks clutched their hands on the little there was available, and locked it up in their vaults.

The CHAIRMAN. It was stated here the other day that during that panic men of unquestioned solvency, with the highest character of collateral, were unable to borrow a dollar of currency. Why was that?

Mr. NOURSE. It was for the reason that the crisis occurred when we were not paying specie. Such a result with the currency on a specie basis would have been impossible.

Mr. MERRIAM. Let me ask whether, in 1872, we were not threatened with a panic such as occurred in 1873?

Mr. NOURSE. We were threatened with a stringency.

Mr. MERRIAM. And was not the country saved from a panic by the issue of \$5,000,000 from the Treasury?

Mr. NOURSE. That I cannot say. It was postponed very likely; but being in a suspension of specie payment, there are no lower depths to which we could go by a stretch of the law, the currency being already an irredeemable currency. But in 1873 the banks in New York and in the large cities forced a new currency by the use of certificates of the clearing-house, which to some extent increased the circulation for the moment, and which for the time was a relief, to a certain extent, of the panic.

Mr. MERRIAM. Please tell us whether the currency during that panic was depreciated either in its relations to gold or its purchasing power; or whether, on the contrary, it was not improved?

Mr. NOURSE. My remark was that we could not get to a lower depth in contemplation of law. The actual fact was an emphatic illustration of the theory that a contraction of the currency improves its buying power.

Mr. MERRIAM. Contraction is a word that may be used in two senses; one relates to an amount of currency actually in existence—greenbacks and legal-tenders; and sometimes the word contraction is used in a sense of limiting that amount by law. You use it in reference to contraction which went on in the process of business. Now, state whether there should not be attached to the currency some quality which will enable it to meet this contraction to which you refer, so that the currency should increase in volume when the needs of business required, and again contract; in other words, should it not have the quality of elasticity?

Mr. NOURSE. I think there is no such proper term as elastic applied to currency. It is the use of currency more or less that has signified elasticity. It is a contraction and expansion of uses. It is possible to do the business of this country with one-fourth of the currency we have to-day. You may increase the amount of currency, as it is termed, to double its present volume, and therefore tend to increase prices very materially, and yet not facilitate the progress of business. The two things are not at all necessary consequences of each other. The currency, to a certain extent, is always a convenience. When short of the actual requirements of business, it is an embarrassment; but when it is equivalent to the currency of the world, any such embarrassment will last only a few months; because in the adjustment of interest and of prices it will flow in from other countries when it is upon a specie basis.

Mr. MERRIAM. Let me ask you one question more. Why, in time of panic, when there was a stringency in the currency market, did not gold flow in to fill up the vacuum? Why did not the clearing-house of New York, instead of providing for the certificates you refer to, substitute the use of gold?

Mr. NOURSE. If it had gone a little farther down, it would have come to that point, when a resumption of specie payment would have occurred without any resort to legislation. But the legislation of Congress for the last few years has been such that gold has become demonetized; it has become a subject of barter and sale the same as pig-iron or any other commodity; and, therefore, instead of being a help to paper currency, it is actually an absorbent, from the fact that it takes money to handle it.

Mr. HUBBELL. You say the late panic was a wonderful illustration of the theory that contraction increases the purchasing-power of the currency. Is it not a fact that in countries where a specie basis prevails a panic has the same effect upon the power of gold coin to purchase?

Mr. NOURSE. Yes, sir; but the deficiency is supplied almost immediately by gold flowing in from other countries; it is not limited to its own country.

Mr. HUBBELL. You think that your currency is redundant. Now, suppose of the forty-four million reserve, of which the Secretary has issued twenty-seven millions, what would be the effect if that currency should be withdrawn from circulation?

Mr. NOURSE. I think the effect would only be a wholesome one; but I do not think the twenty-seven millions which have been put out have so far gone into circulation as to produce what we term an inflation of prices materially. Probably it has had the effect of stimulating the prices of stocks, and will stimulate the prices of all commodities in time; but I do not think it has yet entered into the prices of the commodities of the country.

Mr. HUBBELL. Has it not had the effect of starting many manufacturing establishments?

Mr. NOURSE. I do not think it has. If Congress should declare that it was to remain out, it would produce an effect in inflating prices and enhancing the premium of gold.

Mr. FARWELL. You say you are in favor of a return to specie payment, and that you would commence in two years from now?

Mr. NOURSE. I do not mean to be understood as saying that I would commence at any definite date. I would now inaugurate measures which should begin to operate two years hence.

Mr. FARWELL. What I want to ask you is, what condition of things you would expect to have occur in the mean time?

Mr. NOURSE. Under the operation of the law, there would be an absorption of the available capital of the country into this new form of legal tenders.

Mr. FARWELL. In other words, you would commence changing the form of legal-tenders into compound-interest notes, and that would be synonymous with contraction?

Mr. NOURSE. Yes; but contraction would commence two years hence.

Mr. FARWELL. Why would it not be just as well to commence now?

Mr. NOURSE. Because I think the amount of debt in the country is too large. The business interest of the country should have time to see that the people must contract their debts.

I would like, with the permission of the committee, to venture one or two remarks voluntarily on my part. We have heard a great deal said about the debtor and creditor classes in this country, and that this movement for specie payment is made in the interest of the creditor class. Now, I assume to say, and I think I can convince gentlemen, that it is the producing classes of the United States who are the great creditor-class to-day, and not those who are termed capitalists, and who have the handling of the money. The savings-banks of New York and New England to-day contain accumulations of from six hundred and thirty to six hundred and seventy-five million dollars in trust companies, and elsewhere deposited; and there are very large amounts belonging to the same classes throughout the country, aggregating from one hundred to one hundred and twenty millions more. To state it very moderately, I think it is fair to say that there is held of the currency of the country, in private possession, outside of the savings-banks, \$250,000,000 more, which will make an aggregate exceeding a thousand million of the accumulated earnings of the laboring classes held by trust companies, savings-banks, and in private possession, constituting a large portion of the most profitable loanable capital of the country, loanable very generally upon real estate; loanable more or less upon long bills receivable, and in the large cities upon first-class short commercial paper, the long loans, as they are called, in the event of a panic, being too slow in their collection. Then, besides that, there is also a great running-account between the producing classes and their employers, which is represented by the pay-rolls of the country and other unpaid wages. I think that amount, from a computation *per capita*, is not less than two hundred millions more that is also due from employers to laborers. There is also another large class of producers who generally neither receive nor pay wages—the small proprietors of shops and fields, who, with the members of their own families, perform their own labor. These own a small part of savings-banks deposits in the Eastern States; but there, and in a far higher degree in States where there are few or no savings-banks, they are owners of loanable capital to an amount, in my judgment, of not less than eight hundred millions, and, with the latter class referred to, one thousand millions. If, upon investigation, you think this not too large an estimate, you find that the producing classes have two thousand millions interest in improving the currency. On the other hand, the debtors of the country are largely among those who are counted wealthy men. They are men who want money to use in the active channels of business, not as producers, but as those who are engaged in moving produce from one market to another. We want the available capital of the country to effect our exchanges, and we want a good sound currency in the interests of ourselves and our children in the future, and not because it is for our interest to-day.

Mr. MERRIAM. Have not these borrowing classes felt crippled in making the exchanges you speak of, in moving the crops, by the small amount of currency there is in the country?

Mr. NOURSE. No, sir; not by any means. The difficulty has not been as to the amount there is in the country, but as to the amount there is in hand to be used for the purpose.

Mr. FARWELL. Is not that just as bad as if the money was not in the country?

Mr. NOURSE. Yes, sir; but with a gold currency you cannot cramp us in that way; it has not the power of contraction or expansion like paper money.

The CHAIRMAN. There is another class in the country deeply interested in the future earnings and condition of financial affairs: A young man goes West, and gets a piece of land, payable to a large extent on credit, running from five to ten years.

Mr. NOURSE. Yes. When our early colonists settled in this country their commerce was confined to a few centers along the Atlantic coast; but as colonists have gone West, where there is such an appreciation of capital that will pay for itself within three or five years, the result is an extraordinary competition for the use of capital in these sections, and that is what creates the rates of interest there. If a man can borrow money at 20 or 30 per cent. per annum and then make money, it is proper that he should do it; while in the East men find difficulty in borrowing money at 6 per cent. and making a margin upon it. These things are adjustable from natural laws. With the same collateral a man living in Kansas or the extreme West can borrow money in New York at the same rate as the man living in New York, but the collateral is capital. And while capital is congregated and massed in the East, it has precisely the same relation to our western country that capital in Holland and London has to our own eastern country. It has been proposed that our greenbacks and 3.65 bonds should be convertible and reconvertible back and forth. I wish to say to this committee that there is no measure that up to the extent of two hundred millions would more severely contract the existing currency and at the same time absorb actual capital in active use through the deposits in national banks by the purchase of commercial paper, &c. Quite a large amount of money of the savings-banks is in active use in the commerce of the country. Authorize the 3.65 bonds, and send them out from

the Treasury, and they will immediately absorb a large amount of money seeking good investment. Where savings-banks and other trustees now deposit their money in national and State banks at 2, 3, and 4 per cent., they would rather have it deposited in the United States Treasury than in any private securities. It would, therefore, reduce the amount of loanable capital very largely in that way. I am inclined to think that the savings-banks alone would invest a hundred millions at once by returning legal-tenders to that amount; and the trust companies, trustees of estates, and national banks would probably invest a hundred millions more.

Mr. HAWLEY. That is, I suppose, provided they could substitute that for their reserve?

Mr. NOURSE. Yes; especially if they might substitute it for their reserve. You would find very soon that the whole amount of legal-tenders would go into the United States Treasury and never come out.

Mr. MERRIAM. The proposition before the House is, that as these greenbacks come into the Treasury the Treasury shall use them to buy gold and cancel 6 per cent. bonds, and throw them out again upon the country as fast as they receive them.

Mr. NOURSE. I would like to know who would sell us the bonds?

Mr. MERRIAM. We have the right already by law to call in a thousand millions of bonds now past due.

Mr. NOURSE. If they would allow the currency to stay in the Treasury, you would very soon have the currency at the price of gold, and a reduction of prices. In my judgment the result of this plan would be to bring on a panic such as would disable the Treasury from meeting its obligations.

Mr. DURHAM. What, in your opinion, is the volume of circulating paper now in the country in greenbacks and bank-paper?

Mr. NOURSE. I think it is fair to say that perhaps 2 per cent. of the whole of it has been lost; a very much larger amount has been lost, but it has been restored from the Treasury.

Mr. DURHAM. Under a system of redemption what do you propose shall be the amount of circulation?

Mr. NOURSE. I would propose no amount. I think it lies in no man's wisdom to say what is the proper amount; that will regulate itself as soon as the currency is put upon a proper basis.

Mr. DURHAM. So that you would have the currency of the world to redeem paper currency, and then allow it to regulate itself as to the amount which should be issued?

Mr. NOURSE. Yes, sir.

Mr. MITCHELL. Do you take the ground that the rate of interest is not governed by the amount of currency in circulation, but by the profitableness with which people can use that currency, assuming that there is no liability upon the subject?

Mr. NOURSE. I think that statement is correct; but I want to say that while it is the increased use of currency, whatever that currency may be, which raises the rate of interest, yet, when the currency is irredeemable, the expansion of the currency inflates prices, stimulates speculation, stimulates bold and rash risks in the use of money, while the competition it creates raises the rate of interest. It is through these indirect and secondary causes and influences that an amount of currency beyond the wants of business inevitably operates to enhance the rates of interest.

Mr. MITCHELL. Do you think an increase of the volume of currency tends to reduce the rate of interest?

Mr. NOURSE. On the contrary, it enhances the rate of interest.

Mr. PHELPS. In this direct and gradual contraction by making a certain proportion of the legal-tenders payable after a time in specie, have you thought how your theory in practice should be worked out?

Mr. NOURSE. We have thought of it and discussed it many times. One effect of the process would be to appreciate the credit of the United States so as to enable it to negotiate loans at from $\frac{1}{2}$ to 1 per cent. below the rate of interest which they now bear in the markets of the world, where capital is seeking investment; and therefore it is deemed to be safe to let this process run on with the certainty that the Congress of the United States can place its loans of fifty millions or two hundred millions, or whatever amount they may determine upon, at less rates than they are now paying. There is another advantage in the proposition presented by the Boston Board of Trade, which I am not here to urge, although I heartily approve of it. It was proposed that there should be, after two years, the option on the part of the Government to tender the holders of legal-tender notes 5 per cent. or 4 per cent. bonds of the Government, as the circumstances may justify at the time, because if the loan authorized should command more than par in the market, the Government should have the benefit of it. And with this slowly maturing loan the Government can borrow as much money as it chooses for 5 per cent. or less.

Mr. PHELPS. A great deal is said in the newspapers about what we owe abroad. Is it not a true principle of political economy to borrow where capital is cheapest?

Mr. NOURSE. Every merchant thinks it is.

Mr. PHELPS. Is it not profitable to borrow all they will loan in Europe at 4 per cent. for legitimate enterprises?

Mr. NOURSE. The principle is correct. Nevertheless there is a limit beyond which we cannot safely go, because we may accumulate such an amount in this country as to lead us to extravagance. My rule would be that when a good profit can be realized upon an investment or security, we are doing our country a service by borrowing the money from abroad and investing it.

Mr. PHELPS. If our credit here as a nation is absolutely good, is there any way by which we can legally prevent foreigners from holding our bonds?

Mr. NOURSE. I cannot imagine how we can prevent them so long as they can afford to give more than we.

The CHAIRMAN. Are British consols held abroad, away from Great Britain, to any extent?

Mr. NOURSE. Very little.

The CHAIRMAN. Why?

Mr. NOURSE. I think because there is abundant capital in England which prefers that as an investment.

The CHAIRMAN. What is the rate of interest of the Bank of France?

Mr. NOURSE. The rate is about as low or lower than in England. There is no fixed rate.

The CHAIRMAN. Do you recollect what the capital of the Bank of France is, and what is its circulation?

Mr. NOURSE. I have not the figures.

The CHAIRMAN. I see a statement here that the capital is thirty-six and a half million dollars, and that the circulation is something over five hundred and seventeen millions, or about sixteen to one. What is the difference between coin and paper in France?

Mr. NOURSE. Practically nothing—about 1 per cent. The reason, I suppose, is that the Bank of France and the government of France, on the occurrence of war and suspension of specie payment, retained at home all the specie there was there. The policy of the Bank of France was to keep it in their vaults and take the risks of war, while the policy in this country seemed to be to send specie away. Gold was demonetized here under the policy of this Government. I think it would have been a wiser policy for the Government to have negotiated loans until all the gold in the country should have been drawn into the Treasury, and then to retain it there as a basis for its issue of Treasury notes.

The CHAIRMAN. Have you read the article on currency in the last number of the North American Review?

Mr. NOURSE. I have.

The CHAIRMAN. Do you concur with that article as to the propriety of establishing State-bank circulation?

Mr. NOURSE. I do not.

Mr. MITCHELL. Is not the excessive circulation of the Bank of France owing to the necessities forced upon the French by the war?

Mr. NOURSE. Yes, sir.

Mr. MITCHELL. Are you aware that the Bank of France is already pursuing the policy of reducing the currency?

Mr. NOURSE. Yes; by withdrawing their small notes.

Mr. MERRIAM. Do I understand that you advocate, in resumption, the reduction of legal-tender and national-bank notes?

Mr. NOURSE. With a specie basis that would regulate itself.

Mr. MERRIAM. Would you now expand or reduce it?

Mr. NOURSE. I think it is impossible to hold our present amount of paper at the specie par, and therefore as gold comes in paper must be retired.

WASHINGTON, D. C., January 20, 1874.

FREDERICK FRALEY, of Philadelphia, president of the National Board of Trade, appeared, at the request of the committee, and made the following statement:

The National Board of Trade have had the question you have now before you in consideration since 1868, when it was organized. I have, therefore, had an opportunity of knowing to a very large extent the opinions of the delegates of that body upon what seems to be involved here—the question of the currency of the United States. But I should say that during the whole of these six years the opinions of the majority of that body, and a large majority, have been decidedly against any increase of irredeemable paper money, but that measures should be taken to get back to a resumption of specie payment at the earliest practicable period. In the course of the discussion that took place in that body, all the various plans that are now before Congress, and many modifications of them, have been subjected to the scrutiny of the board. The debates upon currency generally in the National Board of Trade—which are published, and are accessible to the members of this committee—will show that nearly all these projects have been very carefully examined; any advantages they might be supposed to possess pointed out, and the defects of them very thoroughly examined. But the National Board of Trade has never yet been able to agree upon any specific

measures which they felt authorized to recommend to Congress to adopt. At the late meeting in Baltimore the discussion was a very earnest one, and directed to the recent condition of things in our country. After very thoroughly sifting the projects now pending in Congress, tending, as is supposed, to produce relief to the people, the board, by a vote of 45 to 9, adopted three principal propositions and two subordinate ones, which are as follows:

"First. The National Board of Trade respectfully recommends to Congress that there shall be no further issues of irredeemable paper money whatsoever.

"Second. That, in the opinion of this board, it is the first duty of the Government to provide for the retirement and cancellation of so much of the legal-tender issue as has been taken from the so-called forty-four million reserve.

"Third. That it is the imperative duty of the Government to restrict its expenditures in every department of the public service to the lowest possible point; and that strict economy be instituted in all appropriations.

"Fourth. That Congress be requested to so amend the national banking law that the banks shall be compelled to hold the coin they receive for interest on their bonds hypothecated as security for their circulation as a part of their reserve, until their reserves in coin shall be equal at least to thirty (30) per cent. of their circulation.

"That a further amendment to the national banking law is recommended and urged, namely, that the word 'shall' be substituted for the word 'may,' as said word 'may' occurs in section 31, following the word 'Comptroller,' and being the twenty-sixth word from the end of said section; also in section 32, between the words 'currency' and 'upon receiving satisfactory;' also in section 47, between the words 'Treasury' and 'appoint' in the first sentence; also, in section 50, preceding the word 'forthwith.'

"Fifth. That as the fractional currency is largely in excess of the need of the country, the Secretary of the Treasury shall be instructed to redeem not less than ten (10) millions thereof, beginning with the fifty-cent issue, and pay out therefor one-dollar notes.

"That Congress be respectfully asked to consider the propriety of making provision, at the earliest practicable period, for retiring and destroying the fractional currency, by substituting silver coins therefor, in classes, as each denomination may be received into the Treasury of the Government, either from redemptions or in payments, beginning with the lowest denomination, and proceeding with the others as each may be retired."

These are the resolutions that were adopted with great unanimity by this body of representative men coming from nearly every section of the country, and representing, therefore, all shades of opinion.

The CHAIRMAN. In that connection are you acquainted with the gentlemen who were in attendance there, so as to give the committee some idea of their several respective occupations; for instance, what proportion of them were farmers?

Mr. FRALEY. As we understand the occupation in the North, I cannot say there were any. Representatives from the South and Southwest I think have stated that they were planters. None of them were present at the last meeting of the Board of Trade in Baltimore. I can hardly classify the members as to their occupation. Of the representatives from the city of Philadelphia, one of them has been engaged in manufactures for a great many years. Others were engaged in commercial pursuits. One of them is engaged more extensively than any other man in the country in brewing. Usually they were representatives of the men who are closely identified with what we call the business of the country; those who are engaged in most extensive dealings, and in the transfer of the products of the country, agricultural and manufactured, from one point to another.

The CHAIRMAN. Were there bankers and importers?

Mr. FRALEY. Not so many bankers as importers and traders and men engaged in the produce business of the country.

The CHAIRMAN. What proportion of merchants and traders were engaged exclusively in the domestic trade, and what proportion in the foreign trade?

Mr. FRALEY. I should say a large majority were engaged in what may be called the domestic trade of the country; that is, in the products of the country, such as corn, pork, &c. Comparatively few of them were bankers, and only a moderate proportion engaged in foreign trade.

Mr. MITCHELL. Was that body composed of delegations from the different boards of trade throughout the country?

Mr. FRALEY. Yes. The constitution of the board is that any incorporated board of trade or chamber of commerce is authorized to send delegates, and the representatives vary from one to two and eight to nine delegates. The New York Produce Exchange was the largest board represented there, and had the greatest number of delegates. The Chicago Board of Trade had, I think, seven delegates, and six in attendance all the time.

The CHAIRMAN. The conclusions arrived at by that meeting are embodied in this series of resolutions you have presented to us, and I understand they were very unanimously approved by the board?

Mr. FRALEY. Yes. The constitution of the board does not allow anything to pass by it unless two-thirds of the members vote for it. And these resolutions, as I have said—all except that one which refers to reserves of the banks—were passed by a vote of forty-five to nine, and that one was by a vote of thirty-seven to eight.

The CHAIRMAN. Was there or not an opinion upon the part of the board that the condition of affairs in the country now was one that required relief of some sort?

Mr. FRALEY. There was a feeling of this sort, as far as I could judge from the expressions of opinion of the members, that the country required relief, but that it did not require relief in contraction or expansion of the currency; that, on the contrary, the true measure of relief was for a period at least not to permit any increase of paper money, but, on the contrary, to endeavor to get back at the earliest practicable period to the point where we stood before the panic. Such, as far as I could gather, was our position there as the general opinion of the board. There were members there, of course, who believed that the true remedy was in inflation of the currency, in further issue of paper-money to any extent which could be put out and kept out. But the number of those holding this opinion was exceedingly small, and I doubt whether any two of them agreed upon any process by which this money was to be put out to enter into the circulation of the country.

The CHAIRMAN. What class of men were those, and from what part of the country did they come?

Mr. FRALEY. They came from the extreme West; men who seemed to think that the development of their country depended not upon the introduction of solid capital into their sections, but upon the introduction of that which they call money. And when they were asked what they were to give for that money, they replied, "We suppose we would furnish some security for it." And when questioned closely upon that, they said they supposed they would give State or county bonds, or guarantees upon their lands, as security to the issuers of this currency, whether they should be the Treasury of the United States, the national banks, or the banks under the free-banking law. They supposed they could exchange these credits which they proposed to raise in their sections for credits of another kind which they deemed more valuable, and which they supposed they could circulate as money.

Mr. MERRIAM. In one resolution you demand that gold, instead of bonds, be held by the Government, and be retained in the banks for future resumption. Has your board of trade ever considered the contingency of breaking up the national-bank system?

Mr. FRALEY. A resolution similar to that was adopted in Boston in 1868, with the view of satisfying the country that the national-bank system must some time rest upon a solid foundation than paper currency; that the introduction of coin into the reserves of the bank was itself a good assurance to the people that we were gradually preparing for a restoration to the specie standard of currency. In the form in which it is stated in this resolution, it simply provides for a substitute to the extent of giving a different currency, which the national banks are to hold as their reserves, and therefore which would liberate the greenbacks from the vaults of the banks. In this way they would enter into the circulation of the country and be represented by coin in the vaults of the banks held as their reserves. In this way the banks would only lose interest upon the premium of the gold. Such, I think, could have been said to be the conclusions of the deliberations of the late meeting of the Board of Trade upon this subject.

In regard to the issue of compound-interest notes to retire the currency, and all the other projects, they came to one conclusion: that they deemed it most advisable that we should endeavor in the first place to get back where we stood when the panic commenced, and having got back to that point, which they suppose might be accomplished in six or seven months from this, to take a start toward the restoration of a specie standard of the currency.

Mr. FARWELL. What was the authorized number of delegates in the National Board of Trade?

Mr. FRALEY. The authorized number was somewhere about 80 or 90. We had about 60 at our meeting in Baltimore.

Mr. PHELPS. I understand that the resolutions were adopted by a vote of 45 to 9 in an attendance of about 60, and that the largest number of delegates who could have been present was about 80. Was this vote taken by yeas and nays?

Mr. FRALEY. Yes; by yeas and nays.

Mr. PHELPS. Have you, or any of the other members, a list of the detailed vote as taken?

Mr. FRALEY. I have none. I think Mr. Randolph, the secretary of the board, who is in the city, can furnish it.

Mr. PHELPS. The representation, as divided among the States, would be about in what proportions?

Mr. FRALEY. The representation was based upon the number of members of the commercial bodies represented. I could, perhaps, from memory give you a pretty good picture of the vote. The Boston Board of Trade voted unanimously in favor of those resolutions. There were four members from there present. Two members were present from the Buffalo Board of Trade, who voted for the resolutions. The New York Chamber of Commerce had three representatives on the floor. I think two voted in favor, and one did not vote. The New York Produce Exchange had, I think, seven members present, all voting in favor. The Importers and Grocers' Board of New York had two representatives, both voting in favor of the resolutions. Philadelphia had six members present. I think five voted in

favor and one against. Four members were present from the Commercial Exchange of Philadelphia, and voted unanimously in favor of them. One representative from Wilmington, Delaware, voted in favor of them. There were four delegates from the city of Baltimore. Three voted for all the resolutions except the one requiring the banks to keep their reserves in specie, and one of them voted against it. From Cincinnati I think there were three members present from the board of trade, and they all voted for the resolutions except one, who voted against them. The Chamber of Commerce of Cincinnati had four delegates present, and my impression is that they all voted in favor of the resolutions. From Chicago I think there were six delegates present, five voting in favor of them and one voting against. Saint Louis had delegates present, and my impression is that they voted against the resolutions. The Saint Louis Merchants' Exchange had four delegates present. Two voted one way and two the other. Kansas City had two delegates, both voting against the resolutions. The members from the Richmond Board of Trade were not present when the vote was taken. I think there were three present from the Board of Trade of Milwaukee, and they all voted in favor of the resolutions. There was one gentleman returned to the board from San Francisco, but he did not vote upon any question. I do not know whether he was in the board when the vote was taken or not. There was no delegate from Detroit, none from Portland, none from Memphis, none from Louisville, where the board of trade has gone out of existence.

Mr. FARWELL. Were any of the delegates instructed by their bodies on this question?

Mr. FRALEY. Not as I understand. This was, I think, the clear judgment on that question coming from the individual conventions of the members who were there, many of them with their plans. After a discussion which lasted two days, which I only regret the members of this committee could not have heard, after a very thorough sifting of the whole matter, involving all the principles you have embraced in the different measures before Congress on this subject, and which have been referred to by the gentlemen who have preceded me in this committee, they came to the resolutions which I have read as the deliberate judgment of that National Board of Trade.

The CHAIRMAN. You have no expression of opinion from the entire southern section of the country?

Mr. FRALEY. No, sir; we had no delegates from the South. Delegates from the South have generally been present in the meeting during the six years of my connection with this board. We have met there gentlemen from Richmond, New Orleans, Memphis, and other localities of the South, and, from my intercourse with them, knowing their views upon these questions generally, I am satisfied that if they had been present, the representatives from the South would have voted in the same direction with those resolutions.

Mr. PHELPS. Do they not want money in the South?

Mr. FRALEY. Yes. Now, having said what I feel authorized to say for the National Board of Trade, with the permission of the committee I desire to say a word or two upon other matters. I want, as the Board of Trade wants, that the currency of this country should be a convertible currency—convertible into the currency of the European states and nations, and of the world. And, speaking my own opinion, I may say that until we get to that point this country is in perpetual peril of panics and convulsions growing out of those causes, which are recognized everywhere as sufficient to create panics and convulsions that grow out of overtrading and abuse of credit. I think the only safe position for the diversified pursuits and industries of this country is to have a currency under control, which the feature of convertibility will give it. I do not think the troubles which are now supposed to agitate this country can be averted by an unlimited issue of paper money. I think every increase of the present paper currency is fraught not only with disaster to the business of the country in its agricultural, commercial, and manufacturing interests, but it is fraught with infinite peril to the Government itself; and whether we increase it through the agency of the national banks or by the direct agency of the Government itself, I think the process would be equally dangerous.

The CHAIRMAN. Why did your Board of Trade come here to Congress with a memorial? Why did you not, if you thought a specie basis was desirable, decide to go home and conduct your business on a specie basis?

Mr. FRALEY. We do to a very great extent in Philadelphia, New York, and Boston at this very moment conduct our business upon a specie basis. A very large amount of the products that come from other countries are at this time dealt in in specie. All the contracts are made payable in specie; and so far as these merchants are concerned, they know exactly what they are standing upon.

The CHAIRMAN. Why do you not introduce that practice into your business?

Mr. FRALEY. Because of the fact that the Government by its paper currency has stepped in; and the moment you pass beyond the line of the mercantile world, it regulates all the dealings in business, and a debtor in a hard place comes in and says, "Take the legal-tenders of the United States in the place of gold."

The CHAIRMAN. We are told frequently by gentlemen who come before us that in the rate of interest it matters not what we put upon the statute-books, that the commercial world will disregard our laws, and will receive all the interest they can get, irrespective of our leg-

isolation. Now, why not disregard the legal-tender feature of our paper and do your business upon the specie basis?

Mr. FRALEY. Repeal the legal-tender feature of the existing system, and in less than six weeks, I think, you would find that practically the business of the country was reduced to gold.

The CHAIRMAN. Why do you not disregard the rate of interest?

Mr. FRALEY. We do disregard it in our purchases abroad, just as we disregard the usury laws; but, as I said, the moment a debtor gets into a tight place and finds that he can, by breaking mercantile faith, get around his obligation, he will pay in your depreciated currency; just as when in the statute limiting the rate of interest to 6 per cent., a man makes a contract for 12 per cent. and finds himself in a tight place, he tells his creditors that he will avail himself of the law and pay only 6 per cent.

The CHAIRMAN. Do you know how it is in regard to the currency in circulation on the Pacific coast; is it not done altogether on a specie basis?

Mr. FRALEY. Yes, sir; and I believe they had no panic in September.

The CHAIRMAN. Why do you not do that in the East just as they do in California?

Mr. FRALEY. I think the people on this side have had a feeling of patriotism and sympathized with the Government, and, up to a certain point, have been disposed to accommodate themselves to what the Government had provided for them.

The CHAIRMAN. Is it not possible that there is something in the character of our present currency that is adapted to the wants of our people that makes it exceedingly popular with them?

Mr. FRALEY. I do not think that would be true, except for the fact that the currency is supposed to be secured by United States bonds.

The CHAIRMAN. We very frequently hear the expression from persons in all parts of the country that we have the best currency that any man now living can remember to have enjoyed.

Mr. FRALEY. I will agree to that, with this qualification: it is the best of irredeemable currency that we can have.

Mr. PHELPS. Did you ever know a man who was so patriotic, who had such an enthusiastic admiration of currency, that when you brought a paper dollar to him and a gold dollar he preferred the paper dollar?

Mr. FRALEY. No, sir; I have never yet met that individual.

Mr. DURHAM. You said something about a recommendation of a reserve of 30 per cent. in gold to be accumulated in the banks. I do not understand why you consider so great an amount necessary. In the country banks only 15 per cent. reserve is now required, and in the city banks 25 per cent.

Mr. FRALEY. You observe that this reserve is limited to their circulation. The present reserve is upon their entire indebtedness. The exact percentage, however, is not one that I would insist on. It was supposed it would require three years to accumulate this specie-reserve, but the exact amount is not the material point at all. Gentlemen in the Board of Trade who voted against the resolution limiting the issues of paper-money voted in favor of this, while gentlemen who voted against this voted in favor of the other resolution.

The CHAIRMAN. In your fifth resolution you recommend substituting for fractional currency silver coin. How, in your opinion, or in that of the Board of Trade, was the Treasury to be furnished with that amount of silver coin in place of the fractional currency, now amounting, I think, to about fifty millions?

Mr. FRALEY. There are two ways in which it can be furnished. The Treasurer receives a certain amount of silver and receives a very large amount of gold. The gold could always be exchanged for silver, and in their present relations it would be profitable for the United States to make the exchange and coin silver in place of the gold.

The CHAIRMAN. In the present condition of affairs our revenues are barely sufficient to cover the expenditures of the Government. How are you going to get \$50,000,000 additional?

Mr. FRALEY. If I were to express my individual opinion on that subject, I would say that if the receipts of gold in the Treasury of the United States were not sufficient to pay the interest on the public debt and to meet the other wants of the Government, I would purchase the silver necessary for this purpose by issuing new bonds. I would begin with the resuscitation of our currency at the bottom, and gradually go up to the top. I think, if you will allow me to carry out this idea still further, there is at the present moment in existence in the United States, and especially in Canada, an amount of small silver coin that would surprise you; and if the Government of the United States should withdraw the fractional currency by substituting one, two, five, and ten dollar notes for it, silver would at once come into the country and supply the demand for the smaller coins without the necessity of any considerable amount of recoinage upon the part of the United States.

The CHAIRMAN. Would not that be inflation?

Mr. FRALEY. No, sir. That would leave the same volume as at present, and very soon there might be a reduction by the withdrawal of one-dollar notes from the national-bank currency, compelling them to redeem the notes in greenbacks. Gentlemen will remember that at the commencement of the panic of 1837 we had a volume of small currency made up-

entirely of silver coins. In less than two hours after the banks suspended all disappeared, and the municipal corporations of the country did what the Government of the United States has been doing since—supplied fractional currency by issues of their own paper money. In 1842, when the resumption of specie payments took place, these “shinplasters”—the name by which they had become known—were no longer used, and the silver coins of the country came back with as magical certainty and celerity as they had disappeared.

Going back still further, to 1813, when a suspension of specie payments took place, we had the small Spanish shilling and sixpence in circulation, and they all disappeared in a day. The result was at that time the issue of fractional currency in the first place by individuals, hardware-men, and retail-grocers. Everybody issued small paper to supply change for their customers, which was made redeemable for produce, and, in some instances, in money at the bank when a certain sum was presented. I recollect that at our house we had to go to work at the end of every week and sort out this paper and send it around in exchange for candles, sugar, and other things which the people who issued it had to sell. Afterward the State banks issued small notes as low as $12\frac{1}{2}$ and $6\frac{1}{2}$ cents; but when the resumption took place in 1816-'17, this fractional currency disappeared just as the fractional currency of 1836-'37 did. I think it is a great mistake to suppose we can keep coin out of the country by the contraction of paper circulation. I would venture to say that if to-morrow you were to strike out of existence all the Treasury-notes and all the national-bank notes in the country, coin would flow in from all parts of the world and supply the vacuum, giving us all the circulating medium necessary for the purposes of business. Such a measure would undoubtedly be attended by a great shrinkage of values and prices, but they would accommodate themselves to the smaller volume of currency.

The CHAIRMAN. Would it not also be attended by a very great bankruptcy? Would not people who are in debt be obliged to sacrifice property amounting almost to destruction?

Mr. FRALEY. Undoubtedly; and this is just the point to which I am coming. I say we, as prudent business-men, do not want any such violent results. We want these prices to go on gradually toward resumption. We want the currency strengthened by the application of the proper remedies, and not by aggravating the disease in the issue of more paper currency, putting ourselves at a greater distance from the point of resumption than we are now.

The CHAIRMAN. If I understand correctly your opinion, it is to retire the fractional currency as it comes into the Treasury, and substituting in its place one-dollar and two-dollar greenbacks, and that the silver would flow in and fill the vacuum?

Mr. FRALEY. Yes, sir. We had for a great many years in Pennsylvania, as was had in almost every other State in the Union, notes of denominations below \$5; but our legislature, on one occasion, had a majority of hard-money men, and it passed an act prohibiting the issue of circulation of any note below \$5 by any bank in Pennsylvania. The result of that was, of course, the withdrawal of all small bank-notes in Pennsylvania, and the currency, for the smaller denominations, became gold and silver almost immediately, so that it was the rarest thing in the world to see a dollar-note, except on the immediate northern borders, where the notes issued in New York circulated to a limited extent. And such I am sure would be the result now if we only have the courage to begin.

The CHAIRMAN. Was there any opinion expressed in your Board of Trade in favor of a return to the old bank issues as the currency of the country?

Mr. FRALEY. I think only one member, by the name of Taylor, from Cincinnati, did express the opinion that he would rather leave the matter of currency to the States; and we had another gentleman, who was in favor of the re-establishment of the Bank of the United States. The feeling was almost universal, however, that the Congress of the United States should stand firm at this time in opposition to any further expansion of the currency; that they should so deal with it as to make it better and surer than it is now; and if they have any regard for the real welfare of the country, I hope they will abstain from falling into the error of the late confederacy—an error which they undoubtedly inherited from our forefathers.

Mr. MERRIAM. I understand that the members of this Board of Trade are mostly traders in the products of the country?

Mr. FRALEY. O, no, sir; in Philadelphia they embrace men of all trades and professions in the city—merchants, manufacturers, and dealers in all descriptions of produce.

Mr. MERRIAM. You say that individuals in your Board of Trade now conduct their business upon the basis of contracts made in specie and paid in specie, the same the importer pays?

Mr. FRALEY. No; I did not apply that to dealers in our own productions. I intended to limit it to those who are dealing in foreign products.

WASHINGTON, D. C., January 20, 1874.

JOHN M. FORBES, of Boston, engaged in general commerce, and largely in western railroads, appeared at the invitation of the committee, and, in response to their general questions as to any defects in the present financial system of the country and the remedy therefor, made the following statement:

Mr. Chairman, you ask whether, after hearing Mr. Nourse's examination, I have any

remarks to make upon it. Taking first the subject of the late panic, I differ somewhat from Mr. Nourse as to its causes, or perhaps it might be clearer to say that I should state them differently.

The surplus of currency had for years stimulated personal extravagance in all directions, and borrowing in all directions, but most notably borrowing for the purpose of building railroads, some of them needed, but too many of them in advance of the needs of the country, so that gradually large numbers of speculators, and too many others who are usually prudent, had become overloaded with securities for which they owed the banks and others.

When the failures began last fall, the vicious system of lending the reserves of the country banks to the New York banks had created an immense debt, then based largely upon railroad-securities of more or less doubtful value. This aggravated an evil often existing just at the time when money is always needed by business men to move the crops and carry on the fall-trade.

The failure of Jay Cooke merely set the ball in motion. All the elements of a panic had been previously ready. The New York banks were unable to press their call-loans, for fear of ruining their customers, and thus becoming the owners of the doubtful securities which they held. Their capital, needed for legitimate purposes, was thus practically lent out on certain iron rails, railroad ties and bridges, and rolling-stock, *called* railroads, many of them laid down in places where much of it was practically useless. The banks probably did the best they could in temporizing with their customers and their own creditors, but in the mean time the legitimate borrowers—the business men of the country—who were generally in a sound condition, were made the victims.

You ask if Congress could have done anything to avert this panic. Had they *carried into effect measures for resumption which they merely talked about or "resolved,"* the surplus of currency for several past years would not have gone into *premature* railroads and other wild enterprises, and the business wants of the country would have been amply supplied. In Massachusetts alone, within the past year, \$45,000,000 of railroad-bonds have failed to meet their obligations.

From the lessons of the past we can get some hints for the future. Many call now for a further issue of paper to cure what is called the present stringency. The same causes will produce the same effects: First, a momentary ease in the money-market; then speculation; and, finally, a worse convulsion than that from which we are emerging.

Many demand an elastic currency, meaning various things by it: but the popular idea being that the Government shall stand by with another reserve of greenbacks to pour out at the discretion of the Secretary when the next panic comes. It may be easy to pour it out and water an already inflated currency by buying up bonds one, five, or ten years hence, at advanced premiums, but it will be far harder to get it back. Each step in our downward career sends us toward bankruptcy with an accelerating force.

You ask what is the remedy? To begin, without going into the general policy of paying off a debt in advance of its maturity, there can be no sort of doubt that we have been buying up our long bonds quite *too rapidly*, leaving the Treasury with too small a margin for contingencies—too small a balance on hand. This forced the issue of the forty-four millions so-called reserve, which most people think was by law bound to have been canceled.

If further tax seemed expedient, the first step is to sell enough United States bonds on the best terms we can, to withdraw, or, more properly, to fund, this forty-four millions, and destroy the notes.

The next, to take substantial and irrevocable steps to carry into effect the resolutions of Congress, in the direction of resumption, no matter how slowly or by what machinery it be done, but let it be *sure*.

A gradual absorption of the surplus currency now out by replacing it with Treasury-notes bearing a less interest, and allowed to be used as reserve by the banks, and also as a legal-tender, may be one way.

I favor the plan introduced in the house by Hon. H. L. Pierce, which is more gradual than any other which has been proposed; yet, when once fairly carried into effect, far more certain. It provides that, at the rate of three to five millions a month, the Government shall exchange for existing greenbacks new greenbacks, payable specifically in gold in two years, and on given days. If three millions be adopted, it will be two years before the first dollar is paid in coin, and it will take about eight years to pay off in coin the first two hundred millions of greenbacks, by which time it is believed that the growth of the country and its wealth will enable the remaining greenbacks to remain out as currency on a par with, and also gradually redeemable in, specie, if the expectation that it will not be called for prove unfounded.

Once get two hundred millions of gold greenbacks into circulation, no power on earth can prevent the nation which paid gold interest during the war from paying their gold-notes as they mature.

If the surplus revenues do not supply funds, it will be easy, when the nation is on the sure road to resumption, to fund the debt in bonds at a lower rate than we are now borrowing money at.

I favor this plan, but I care not what plan is adopted if it only leads surely and gradually to resumption. I believe our ship of state is now between two dangers, one of prema-

ture and temporary resumption, the other of indefinite postponement, gliding down the rapids into bankruptcy. I would deprecate too early resumption almost as much as too great delay; but I believe that whenever Congress puts into its measures of resumption the element of absolute certainty, we shall go, however slowly, in the right direction. The sound sense and prudence of our people will bring about practical resumption long before any of us, if we had the power of the Czar of Russia, would, to decree it by legislation.

One word on the classes and sections of the country which will be effected by resumption. There is not a shadow of doubt that the hard-handed, laboring producer has the first and deepest interest in returning to a sound currency.

Mr. Nourse has shown that the laborer is by far the largest creditor; but beyond this he is totally unable to take advantage of the fluctuation of prices caused by a rise and fall in gold.

From the Wall-street or State-street speculator down to the country store-keeper, every one but the laborer has some chance to catch the ball on the bound and profit by fluctuation.

The laborer, who creates the greater part of the annual wealth of the country, must take the prices which are fixed upon him when his weekly or monthly pay-roll comes round.

The capitalist who chooses to speculate can make more money out of a fluctuating currency than out of a steady one: he does it of course at a greater risk, and some of the players will always go under, while others come out millionaires; but the sure victim, the residuary legatee of all the blunders of our gambling system, is the laborer. Prices fall for him latest, while they rise soonest. So much for classes. Now for sections.

While every steady producing industry suffers by an unsteady currency, and by prices bandied about by speculators, the victims of the country are the agriculturists. The West and the South, being mainly devoted to agriculture, suffer most. Everything which they produce and sell is measured in value by the export-price, or, in other words, by gold; while every article they buy is paid for in prices based on paper, which are very much higher than the premium on gold.

Authorities differ as to what this difference in price is; but the best informed put it at between 20 and 30 per cent. higher prices than the mere premium on gold, which is all they get on their sales of produce based on gold.

The CHAIRMAN. I should like to ask you whether in time of money stringency or panic the laboring man is not the first man who suffers by being thrown out of employment or receiving in compensation for his employment something besides money?

Mr. FORBES. That is just argument; he is always the victim. I hold that stringency is brought about by unsound currency, and that he is the first victim.

The CHAIRMAN. Do you wish to be understood as saying that the late panic, or any panic, was either caused or augmented by irredeemable currency?

Mr. FORBES. I surely do.

The CHAIRMAN. Do they have no panics in Great Britain?

Mr. FORBES. They had panics in Great Britain in '44, '77, and '56, and it was because of the existence of credit which prevails there.

Mr. MAYNARD. They had panics as excessive as ours, did they not?

Mr. FORBES. I don't think they compared with ours.

The CHAIRMAN. Were they not in danger of a most disastrous one last autumn?

Mr. FORBES. Very likely; that is a matter of opinion.

The CHAIRMAN. Do you know what was the rate of interest of the Bank of England?

Mr. FORBES. I think it went up to 9 per cent.

The CHAIRMAN. Do you know what was the rate at Berlin and Vienna?

Mr. FORBES. I am not familiar with continental panics or their financial systems. With the permission of the committee, I should like to say further that a good deal has been said about an elastic currency, by which a certain amount of greenback-reserve shall be held by the Secretary of the Treasury, with power to put it in circulation when necessary and alleviate the stringency of the market. It seems to me that the great cause of the panic was paper money, and there is no currency so inelastic as paper-currency. When that is locked up by the people or hoarded by savings-banks, you have nothing to draw upon; while, on the contrary, when you are under specie payment and a panic occurs, it may be known in ten seconds all over the world that prices are going down, and specie will come in that forms a measure of elasticity when you are under resumption; and in my judgment it is the only elasticity of currency that is safe. I do not believe that anybody is prepared to put into the hands of any Government officer a reserve of currency, with permission on his part to operate with it on the money-market.

The CHAIRMAN. You have spoken of the farmer losing when selling his products upon a gold basis. I should like you to explain your position a little more fully. Take, for instance, a bale of cotton.

Mr. FORBES. I will explain. The export-price notoriously governs the price of cotton. A manufacturer must ascertain what is the price in Liverpool in order to regulate the price he is to pay in this country. Although the amount consumed here may be greater than that sent abroad, every manufacturer understands generally the amount of the crop and knows the

surplus which can be sent abroad, and he knows what he can get for that surplus by putting it on board a ship and carrying it across to the other side, paying a penny a pound or the cost of transportation.

The CHAIRMAN. Still, I don't see how the question of gold or currency is affected.

Mr. FORBES. The point is that the farmer or planter who sells his cotton has to sell it at what it is worth in gold. If it is worth a sixpence in Liverpool, the farmer understands that it is worth that, whether in currency or anything else.

The CHAIRMAN. Very well; and our people have learned here to understand how much five pounds sterling is worth in our own money, and will very easily comprehend how much his cotton is worth in our American currency.

Mr. FORBES. That is precisely my statement; the price is regulated by the foreign price, and the planter gets, in addition to that price, the premium, whatever it may be, on gold.

Mr. MITCHELL. Is not the cost of domestic production increased beyond the premium on gold?

Mr. FORBES. Decidedly; it is increased by the fluctuation and uncertainty of our currency, which enables every one to get a little more than he otherwise would.

Mr. FARWELL. If your notions, as expressed in Mr. Pierce's bill, should be carried out, would you be in favor of doing anything with the present banking and currency system to prevent the recurrence of the panic of September last?

Mr. FORBES. I am not a banker, and do not profess to be skillful in regard to bank questions. The only thing I have seen suggested which commends itself to my mind is that which I think is provided for in Mr. Pierce's bill, giving the Government permission to use any surplus funds on hand at some central point to redeem national-bank currency, and after holding it for not over a month, call upon the banks to redeem it, and in case of default on their part to sell securities for that purpose.

Mr. FARWELL. If the Secretary had issued promptly the legal reserve in his possession, would it not have stopped the panic?

Mr. FORBES. I don't think it would have stopped it; it would have put it off a little.

Mr. FARWELL. Did not the fact that the New York banks issued twenty millions of circulation of their own in the form of certificates save the panic and tide over the trouble?

Mr. FORBES. Yes, it did for the moment. The banks practically failed. They had money of mine, and said they would not pay it to me, for fear I should make a bad use of it, but would give me a certificate. It was a temporary suspension, such as we had in '37, and such as we had in '57, coming upon a community suddenly, and inducing the people to take the certificates by the banks for a short period; but that is a very different thing from the Government stepping in and issuing a quantity of additional currency which it is very much more difficult to get back.

Mr. FARWELL. We have a bill before the committee authorizing the Secretary of the Treasury to prepare, I think, fifty millions of greenbacks to be laid aside for a special purpose, namely, for issuing at 8 or 10 per cent. interest only when required to tide over just such a panic as occurred in September. What would you think of such a proposition as that?

Mr. FORBES. I should have a general fear of giving such a power to the Secretary of the Treasury, or any Government officer, to regulate our affairs. I should almost as soon put a Secretary for the weather, to pour out rain whenever we wanted rain.

Mr. FARWELL. Congress has taxed out of existence the banks of the State and left them powerless to provide for such a condition of things; and would it not be wise, therefore, for the Government to provide for such a contingency as occurred in September last?

Mr. FORBES. I think the people can take care of themselves better than the Government can take care of them. I don't believe in such legislation; however, I have not studied this particular bill.

Mr. FARWELL. My question is, whether in the event of your not being able to carry out your own plan, what would you then try? You believe in the elasticity of the currency with gold. Now, if you cannot have a gold basis, are you in favor of something else that is elastic?

Mr. FORBES. I don't see any remedy except in something leading to a gold basis. I have no objection to any other road which terminates at the same end; for instance, Mr. Sumner's plan of issuing compound-interest Treasury notes which should be a legal tender and go into the reserves of the banks, and at the end of a year, or at some fixed period, be funded in 10-40 gold-bonds; I don't like that plan as well as the one I have just indicated.

Mr. FARWELL. Do you believe that specie payment can be maintained in this country with the balance of trade against us?

Mr. FORBES. I think the balance of trade will depend very much upon the currency. If we have an unsound currency, the balance of trade will be against us.

Mr. FARWELL. The balance of trade is now represented by a foreign debt, which has been accumulating every year for the last ten years. Do you think specie payment could be maintained for any great length of time with the balance of trade continuing against us?

Mr. FORBES. I think not; but I think if we get our finances upon a proper basis the industry of the country is sufficient to keep the balance of trade in our favor, and that if any disposition is manifested to send over bonds from the other side for gold, the laws of trade will regulate it better than any regulation Congress can make.

Mr. FARWELL. If the balance of trade should commence to turn in our favor, would not the importations of the country be lessened under resumption?

Mr. FORBES. I hardly know how to answer that question, not being in a line of business which gives me special information upon these subjects.

Mr. FARWELL. Suppose that should be the result, would not our revenues fall off, so that we should have to resort to additional taxation to meet our liabilities?

Mr. FORBES. If the revenues should fall off, we should have to resort to some other mode of taxation; but I have no doubt that the wealth of the country, with any sound system of taxation, is sufficient to meet the wants of the Government.

Mr. MITCHELL. State whether, in your opinion, it is desirable to legislate at all upon the subject of financial panics, which may happen once in ten or fifteen years. Is it not better for the Government to disregard these things, and confine itself to providing a sound convertible currency? When we have done that, have we not done the best we can to prevent panics?

Mr. FORBES. Evidently. I can see no possible act the Government can do by standing, by as a dry-nurse to the commercial community.

Mr. FARWELL. Does not the Bank of England, in a panic like that of September last issue more currency and allow it to remain out until the panic is over?

Mr. FORBES. Yes, sir; they have done it repeatedly; they have done it properly; and the only difference between them and us is that we have done the same thing in 1837 and 1857, against law, but no suit has been brought against the banks, and so the matter has passed off; while in Great Britain the violation of its charter by the Bank of England is always governed by an irredeemable act passed by Parliament.

Mr. MERRIAM. Do you think it would be wise, in case of a panic, for the Government to issue fifty millions of additional currency, and thus relieve a stringency, rather than that the people of the country should lose a thousand millions in consequence of the panic?

Mr. FORBES. In my judgment it does not follow that the people of the country will lose a thousand millions. I should differ from you there.

Mr. HUBBELL. What, in your judgment, was the amount of loss to the people of the country by the late panic?

Mr. FORBES. If I were to go into that, I should say that whatever loss there was occurred in consequence of undue inflation previous to the panic. I think the panic was the legitimate effect of prior inflation. I have no data, to answer your question directly, which will enable me to state any approximate amount which the people of the country suffered in consequence of the panic. There is another point, if you will allow me: One of the causes of panic is undoubtedly the system of loans by the banks. The country banks loan to the city banks, and the city banks, having a surplus of currency, loan to stock-brokers and others, whose speculation brought on the panic. Some means of putting the reserves of banks out of their reach is one of the measures I would have adopted.

Mr. HUBBELL. I understand your theory to be that the people of the country lost nothing by the late panic; only that prices were reduced?

Mr. FORBES. I think they lost a great deal, and, as I said, in consequence of previous inflation. Whenever men have money burning in their pockets, they will be tempted to use it for railroads or any other improvement ahead of the times which will remain useless and unprofitable for the present; that is one of the effects of inflation.

The CHAIRMAN. How many days' work do you think the people of the country have lost by the enforced idleness of laborers?

Mr. FORBES. I should have to make a great many figures to enable me to answer that question.

The CHAIRMAN. Is it not beyond imagination?

Mr. FORBES. Of course it is.

Mr. MERRIAM. Is it not a fact that this country met with a definite and positive loss by being obliged to sell their products in Europe at less prices than they would have done but for the panic?

Mr. FORBES. I believe that is true. Of course in the fluctuations there must be losses as well as profits. I don't believe in the late panic, if the Secretary of the Treasury had paid out fifty millions of currency, it would have saved the country from loss. I think the people abroad would have been shrewd enough to have seen the effect of that.

Mr. MERRIAM. They stood ready, however, to take our products at a fixed price, but we were unable for want of currency to supply the merchants with means to hold their products, and then they were forced to sell them at lower prices, the same as in 1857, when we were on a gold basis, and when under the panic, cotton went down from 15 cents to 9 cents, involving a loss of more than \$50,000,000 in the aggregate to the people of the United States.

Mr. FORBES. In the forty or fifty years in which I have been engaged in business, times have constantly recurred when we lose money from stringency, and times have occurred when we have lost more than now; but I think, nevertheless, it has got to be left to the laws of trade. For the Government to undertake to regulate the gold would be like pouring on water, making it one moment too dry and another too wet.

Mr. MITCHELL. Let me ask you whether in the late panic, if our currency had been upon

a specie standard, coin would not have flowed in from the rest of the world to fill the vacancy occurring during this time of stringency?

Mr. FORBES. Clearly that is the elasticity to which I refer, and which gives you the whole wealth of the world to draw upon by telegraph to come to your aid.

Mr. MITCHELL. Whereas the gold which came to the country during the panic was, instead of a relief, an addition to the stringency, in consequence of the currency required to handle it.

Mr. FORBES. Undoubtedly.

Mr. DURHAM. Was the shrinkage of the values during the panic of the products to be sold compensated in any degree by the shrinkage of prices of the products we bought? In other words, while we sold our products at less prices, did we not also buy at less prices?

Mr. FORBES. Undoubtedly at less prices for the time; but the difference was not enough to compensate for the shrinkage of values on the products we sold, because the people we had to buy from had all the rest of the world to sell to.

Mr. MITCHELL. Is it your opinion that if we should undertake to resume specie payment even at a distant day, our financial system would regulate itself in a short time?

Mr. FORBES. I think if the people were sure you were going to resume, if the time was even extended over ten years, I think the effect would be to regulate our affairs in conformity to it; that it would bring out resumption long before we should dare to legislate for it. I think the element of certainty is the great thing to be aimed at. It would not make money scarce for legitimate business; it would make it scarce for wild speculation; it would make it easier for the legitimate business of the country.

Mr. MERRIAM. You say there is no currency so inelastic as paper; gold, being elastic, comes in to fill up the vacuum, &c. If you should be satisfied that it was impossible to take any measures now looking to any near resumption of specie payment, would you be in favor of the method which would make paper elastic?

Mr. FORBES. I think the danger of any panacea for making paper elastic would require you to run too great a risk.

Mr. MERRIAM. Such as free banking, for instance, which would afford the volume of currency required in time of stringency, while practical redemption of itself would prevent any inflation, giving us just what was wanted at the time for the exchanges of the produce of the country.

Mr. FORBES. My impression is that it would not, but as I am not a practical banker, I would rather you would ask that question of some gentleman more competent to answer it.

WASHINGTON, D. C., *January 21, 1874.*

E. B. WARD, of Detroit, Michigan; principal business, manufacturing iron and lumber; also engaged in shipping; in response to the usual interrogatory of the committee as to the defects in the present financial system of the country, and remedies therefor, stated as follows:

Panics are not caused by either specie or paper currency. We cannot arrive at specie-payments with safety under any system that does not embrace in it the theory of the balance of trade being in favor of the United States as against all other countries. We must export more values than we import, and pay all the interest that the people of the United States owe to foreign countries, before we can safely attempt specie payment.

The evidences of the present panic have been coming on for the last three or four years, and each year money has been closer, and we have had to pay higher prices for it. A year ago last December the Pennsylvania Railroad Company is stated to have borrowed a million and a half of dollars in New York City at 12 per cent. interest; and during the fall months interest from 11 to 12 per cent. was generally paid by people living outside the city.

The real cause of the panic has been the enormous expansion of our industries and the continued contraction of the currency and the concentration of all the surplus money of the country in New York for speculation.

I will now state the manner in which the stringency of money has affected the manufacturers of iron in the West. For instance, take a rolling-mill with a capital paid of \$2,000,000. The whole money has been put into what is called the plant, the ground, machinery, furnaces, &c. In order to run such an establishment successfully, it needs about a million and a quarter of capital to buy ores, coal, and other kinds of stock necessary to work it. In order to obtain that million and a quarter of money, this establishment that I am now referring to has had to pay from 10 to 11 and sometimes 12 per cent. interest, including commission. The interest and commission on the million and a quarter of working capital amount to a larger sum than the entire earnings of the establishment; so that for the last two years no dividends whatever have been made, and no accumulations of any kind. Now, when a panic comes, and the banks and others who have loaned their money want their pay, even when paying these high rates, the banks refuse to renew their notes, but insist upon payment. They first threaten the managers with bankruptcy, or what I call confiscation under the bankrupt act, which is about the same thing. Then, when the mill managers are alarmed, they have some one to quietly come in and offer to buy out at a very great sacrifice

some of the most important and valuable assets of the company, like the pig-iron or old rails ; and as an example of this, they have forced one concern to sell their old rails, that cost \$50 a ton, at about \$30 a ton, the establishment losing about \$160,000 between what these old rails cost and the price that they got for them. While the cashier of the bank is pressing the managers, some friend of the bank is looking around to see if they cannot buy up the property at a very low price.

Now, then, to see how the thing works, you will be told that money is plenty in New York and Boston. Suppose a manufacturing establishment West wants to borrow some money. I take, for example, the Wyandotte Silver Smelting and Refining Works. They have a paid-up capital of \$100,000, an additional capital of \$15,000, which they have put into the works, and are entirely out of debt. They ask a New York bank to discount a note for them to buy ore to start their works. The bank will not lend to them on any terms whatever, because they say it is against their rules to lend to a local concern. I know nothing about the reasons for this rule.

Take another example : The glass-works building on the Mississippi River, just below Saint Louis, have a paid-up capital of \$250,000, and have never borrowed a dollar. They applied to a bank in Saint Louis, where they kept their account, for a loan of \$5,000 to pay to their men, and the bank would not lend them the amount, even with a good indorser on the paper.

Another example : The Milwaukee Rolling Company had a note of hand, made by the Northwestern Railroad Company, for \$22,000, at four months. The note was indorsed by the Milwaukee Rolling Company, a concern with a very large capital, and which employs a great many men. The note was offered to a bank in New York, and was declined. It was offered in Boston, and declined at any price. Finally the president of a bank in New York introduced me to a man who was a director in the same bank, and who had money. This man said he would lend the money on a note with good indorsers at 12 per cent. interest. I am told the Michigan Central Railroad Company has had its paper sold or offered in New York at a discount of 3 per cent. a month ; and this company is one of the soundest companies in the United States. This is a very recent occurrence. I had some four months' paper of the Michigan Central Railroad Company, which I offered in New York, but could not get it discounted. I then offered it to Moses Taylor, and he said he would take it at 2 per cent. per month. I then offered it to the Second National Bank of Boston, and they would not take it at all. Next I offered it in New Bedford, and they could not take it. It was finally discounted at 10 per cent. and 1 per cent. commission by an outsider. That paper was made by the Michigan Central Railroad Company, and indorsed by the Rolling-Mill Company, and by E. B. Ward besides, making it as safe paper as could be made.

Here is a statement that was made to me, but which I do not know of my own knowledge. It was in regard to an iron-furnace near Saint Louis. The company had capital enough to build their works, got them in operation, and got a large stock of ores on hand, but were in debt for some of their stock. The bank holding their notes were going to force the company to pay them ; but finding they could not do it, they agreed to take their pig-iron, that had cost the company \$40 a ton, at \$27 a ton, making a loss of \$13 a ton on their iron.

The banking concerns of the country are the only real monopolists in the United States. They are gradually drawing to themselves nearly all the values there are in the country in the shape of interest ; and as a sample I want to put down some figures.

The Merchants and Traders' National Bank of New York commenced operations in February, 1865, with a paid-up capital of \$1,500,000. In 1865 they made a dividend of 10 per cent., and had a surplus of \$150,000. In 1866 they paid 9 per cent. dividend, and had a surplus of \$162,112. In 1867 they paid 10 per cent. dividend, and their surplus was \$470,475. In 1868 they paid 10 per cent. dividend, and had a surplus of \$502,345. In 1869 they paid 10 per cent. dividend, and their surplus was \$613,090. In 1870 they paid 12 per cent. dividend, and had a surplus of \$764,216. In 1871 they paid 12 per cent. dividend, and had \$863,443 surplus. In 1872 they paid 12 per cent. dividend, and had a surplus of \$984,092. In 1873 they paid 14 per cent. dividend, and had on hand \$1,200,343 surplus. On January 1, 1874, they paid the semi-annual dividend of 7 per cent. and had on hand \$1,482,352. Their average dividend was 10.6 per cent. per annum, and their average surplus was 11 per cent. per annum ; making 21.6 per cent. per annum for the nine and a half years.

The system of paying interest on deposits by the national banks draws nearly all the surplus money of the country banks of the United States to New York City, and it is there used for the purposes of speculation and extortion. It is loaned out upon call to those who are speculating, and when any one from outside wants to borrow money, they will extort from him the last cent they can get ; and if the banks themselves will not loan to the parties, they will then have directors or some friends outside who will loan money at enormous rates of interest, but always with the most undoubted security. No establishment in the West can procure money on the basis of their own credit for strictly business purposes at any price in New York City or Boston without some extraordinary collaterals that people generally do not have.

There is no large interest in the United States that is now prospering in any manner whatever except the banking and money-lending interests. The business of the Northwest, especially the lumber interest, the iron interest, and the shipping interest, is already flat and

almost dead, and that solely for want of a sufficient amount of currency to carry on their business. The rolling-mills are shut up and the workmen out of employment because there is no currency with which they can be paid. The great want of the entire West is the want of currency. The steady increase of business of various kinds has largely outgrown the amount of currency that the Government has furnished us. The Government has assumed the absolute and forced control of all the monetary affairs of the country, while it is fairly bound to furnish all that is really necessary.

When the panic came on, the laborers of the North and the colored people of the South hoarded all the money they could get hold of; and we feel that the Government should furnish the necessary amount to keep the business of the country in operation, notwithstanding this hoarding.

The CHAIRMAN. In regard to the case you mention of the sale of old rails and other material at a reduced price, below their general market-value, was the only object to meet the present demands of the establishment?

Mr. WARD. It was because the concern was forced to sell in order to get its paper at the bank.

The CHAIRMAN. In regard to the refusal of the bank in Saint Louis to loan to your works, what was the reason they would not lend the money?

Mr. WARD. I do not know what the reason was. The probability is that they used it elsewhere more profitably. The works were willing to pay 10 per cent. for the money, but they could not get it at all. The Milwaukee Rolling-Mill Company, where Mr. Mitchell lives, have received accommodations from him to the extent he was able to furnish. They applied to the bank with which he is connected in the summer, when there was no grain moving, and obtained money, but in the fall all his money was loaned out, and he could not accommodate them. We then started to New York for the money. It is only a short time since I went to New York with a note at four months for \$22,000, of the Northwest Railroad Company, and applied at a bank where we did considerable business for a discount. The reply was that they could not discount the paper at the bank, and I was introduced to one of the directors who had some money to lend. He said he would lend it for 11 per cent. and commission. We looked around a while and finally found a man who was willing to loan it at a little less rate. These are among the difficulties we have continually to meet in carrying on our business in the West. During the last four years we have not been able to negotiate any paper in New York for less than 10 or 11 per cent. Once in a while in Boston we have been able to get paper discounted for 9 per cent.

The CHAIRMAN. I see in the papers that interest is down to 7 per cent. and 5 per cent., and perhaps as low as 4 per cent., in New York and Boston now.

Mr. WARD. Certainly that is true. They will loan me money at 5 or 6 per cent. with good security, payable on call; but nobody doing business can afford to borrow money on call, if you will give it to him without interest, because no business man can always have his money on hand and use it too, and then ruin will follow when payment is suddenly demanded.

Mr. MERRIAM. Are we to understand you that those different companies with which you are connected, being perfectly solvent, and with large capital paid up, can borrow money at times when money is abundant, but cannot do it at the season of the year when crops are being moved?

Mr. WARD. We cannot borrow money in New York or Boston on any security, unless it is first-class railroad or Government bonds, at less than 10 per cent. They will lend on call at a less rate, but it is utterly useless for manufacturing concerns to borrow money on call. It will ruin them if they do it.

The CHAIRMAN. Why will they loan on railroad bonds when they will not loan on sound paper of the companies, indorsed in such a way as to make the security absolutely first class?

Mr. WARD. I do not understand the principle. I know the facts are as I have stated. They will loan on the bonds of the company when they will not loan on the notes of the company, although a corporation such as the Michigan Southern Railroad Company, for instance, is of course understood to be perfectly solvent. The country banks have always accommodated us as far as they possibly could; but when we go to New York, we cannot get the money.

The CHAIRMAN. Will you state what are your best impressions as to the reason New York banks prefer loaning on bonds rather than on notes of the same corporations? Is it because in case of default they can more easily dispose of or realize on the bonds?

Mr. WARD. No doubt that is one reason. Another thing is that money comes to New York from the banks of all parts of the country, for which they pay 3 or 4 per cent. interest, and are always obliged to loan on call, so that they can at once realize.

The CHAIRMAN. Please state whether the seeming reluctance to accommodate you with loans, and the high prices demanded, were, in your opinion, the result of your supposed necessities or of the limited ability on the part of the banks to supply you.

Mr. WARD. I have no doubt that it was on account of our apparent necessities, because I know that all paper coming to Boston or New York from Chicago or anywhere in the West is treated in the same way.

The CHAIRMAN. Please state whether, in your opinion, the rates of interest in the country are too high or not.

Mr. WARD. I think the rate of interest is too high. There is no kind of business that can permanently prosper under it. Unless a man has capital enough to carry on his concern profitably without borrowing at all, 10 per cent. will swamp any concern if a large part or even half of its capital is borrowed.

The CHAIRMAN. Suppose a man has capital; could he, in your judgment, make it more profitable to carry on his business or to convert his capital into money and loan it?

Mr. WARD. He had better put his capital into money and get 3 per cent. on it than to engage in any manufacturing operation. Capital invested in money is now receiving more than three times the rate paid by any kind of business.

The CHAIRMAN. Will you state whether the rate of interest should or should not be regulated by law?

Mr. WARD. I should prefer to have it regulated by law.

The CHAIRMAN. We are told that a regulation by law virtually has no effect, because people will evade the law and get whatever rate of interest the money will bring.

Mr. WARD. In Massachusetts, before the restriction of law was removed, we could get money at 10 per cent. In the Western States, where the rate of interest is limited by law, they can get money for 10 per cent.

Mr. HAWLEY. When you obtained money at 10 per cent. in Massachusetts, was not that above the legal rate?

Mr. WARD. I believe it was. But we could obtain it at that rate more easily before the law was changed.

Mr. HAWLEY. You mean that when the rate of interest is regulated by law, even when it is evaded, it has the effect to reduce the rate which would otherwise have to be paid?

Mr. WARD. Yes. In my judgment a law of the United States regulating the rate of interest in the country would be much better than separate State laws.

Mr. MERRIAM. Is not the instance you have given of the large amount of earnings of the Importers and Traders' Bank of New York an exceptional one, that being a bank with a million of capital, which has paid interest upon deposits at the rate of 3 or 4 per cent., and made its earnings upon the large amount of deposits received in consequence?

Mr. WARD. I do not know anything about that. I only state the facts as they are published in the official statement. We have a little bank in Detroit, of which I am one of the directors. We intend to do business there in every respect upon the principle of square dealing, but our bank earns 15 or 16 per cent. a year.

The CHAIRMAN. What is your capital and rate of interest?

Mr. WARD. Our capital is a million, and we charge 10 per cent. interest.

Mr. DURHAM. If the rate of interest is to be regulated by law, what rate would you fix?

Mr. WARD. It ought not to exceed 7 per cent. There is no business, in my judgment, that can pay more than 7 per cent. in this country.

Mr. MITCHELL. I wish to ask if the profits of your bank in Detroit are not derived from the more than a million of deposits, for which you pay nothing?

Mr. WARD. I do not pretend to go into the causes at all. I simply state the facts.

Mr. MITCHELL. If you had no deposits, but simply a million of capital, after paying your expenses, you could not make 10 per cent.?

Mr. WARD. Of course not.

Mr. MITCHELL. What I want to bring out is that the profits of the banks are made from their deposits, and not from circulation.

Mr. WARD. They are made partly from deposits, partly from the circulation, and partly from the interest they receive on the bonds of the United States.

Mr. MITCHELL. But chiefly from deposits?

Mr. WARD. No, sir; I think not. I think chiefly from the other sources.

Mr. MERRIAM. What is the circulation of your bank?

Mr. WARD. I think about \$900,000.

Mr. MERRIAM. Do you pay both national and State taxes?

Mr. WARD. Yes.

Mr. MERRIAM. What amount of State taxes?

Mr. WARD. I do not remember. I know I pay individually \$25,000 to \$30,000. I do not recollect what the bank pays.

Mr. MITCHELL. If the Importers and Traders' Bank, of which you have spoken, have ten dollars of deposits to one of circulation, are not their profits mainly upon their enormous amount of deposits?

Mr. WARD. As I have said, I am not at all acquainted with these details. I only state the facts as they appear in the published reports.

Mr. HUBBELL. Would you recommend that the tax upon national banks should be removed?

Mr. WARD. No, sir; I would still retain that, but reduce their rate of interest, and make them loan their money out at rates that people can afford to borrow.

Mr. HUBBELL. Would you limit the rate of interest to 7 per cent., and still make them pay their present tax to the Government?

Mr. WARD. I should not like to give an opinion on that without looking the facts over very carefully.

Mr. FARWELL. Do you think the Government of the United States should interfere with transactions of individuals in money any more than they should interfere with their transactions in any description of pursuit?

Mr. WARD. I do.

Mr. MITCHELL. Would it not practically be as right in one case as in the other; would it not be just as proper to regulate the price at which you should sell pig-iron?

Mr. WARD. If we had a monopoly of the business, it would be. If banking should be made entirely free, that is another thing.

Mr. FARWELL. Suppose we make banking free; would you advise the rate of interest to be fixed by law?

Mr. WARD. I would rather have it fixed by law then.

Mr. FARWELL. Would it not be just as consistent for the Government to fix the rate of pig-iron.

Mr. WARD. I repeat, that if they would give me a monopoly of the manufacture of pig-iron, I would be willing to have them fix the rate.

Mr. FARWELL. Would you favor any legislation upon the subject of any kind of manufactures, for instance, requiring you to pay a certain amount for your lumber, or in any respect?

Mr. WARD. I do not think that would be good policy. I think money is in its nature exceptional.

Mr. FARWELL. If the issuance of money should be made perfectly free, would you still desire to have the rate of interest fixed by law?

Mr. WARD. If you would make money free, and let every State and every municipal corporation issue it, we should have money plenty and cheap enough; I am afraid too cheap.

Mr. FARWELL. Would you want a law of Congress to compel you to loan me money at a certain rate, whether you wished to loan it or not?

Mr. WARD. No, sir.

The CHAIRMAN. If I understand your idea, it is that inasmuch as the amount of money is limited and comparatively few persons can get it into their hands, that is a reason why it should not be placed, in respect to legislation, upon the same basis as other kinds of business?

Mr. WARD. That is exactly my opinion.

Mr. HAWLEY. What do you mean by banking being a monopoly?

Mr. WARD. I mean that a man cannot set up a bank of his own and issue currency.

Mr. HAWLEY. Suppose a private bank is organized with a capital of a million dollars, owned by a dozen men who have the entire confidence of the community. Suppose they get a deposit of \$1,400,000. Now, on that million of capital they ought to make 7 per cent. upon the \$1,400,000 of deposit. Reserving a sufficient sum on hand, they ought to make 7 per cent. on a million of the deposits; that would be 14 per cent. on the capital of the private bank.

Mr. WARD. As long as money is as close as it is now, I think that could be done. But when money is plenty, as it ought to be, they could not do it.

Mr. HAWLEY. You could make 6 per cent. very easily?

Mr. WARD. I presume so. The private banks get as much as 25 per cent. very often.

Mr. HAWLEY. There is no monopoly in respect to private banks?

Mr. WARD. No; there is a monopoly in the issuing of currency by the national banks.

Mr. MITCHELL. I am connected with a private bank. Do you suppose I make less on the amount of capital invested than my neighbors of the National Bank of Milwaukee can?

Mr. WARD. I do not know anything about your private affairs.

Mr. MITCHELL. I issue no bills; I merely bank upon the currency in circulation. Cannot anybody go into a private bank and transact business as profitably as the national banks can?

Mr. WARD. Perhaps so. What I said was that the national banks have a monopoly of issuing the currency.

Mr. MITCHELL. Are you not aware that your discounts at the bank with which I am connected have been always liberally treated, and as liberally during the last fall as at any previous time?

Mr. WARD. Certainly. I have already stated that you have treated us liberally, and that our local banks have done all they could to help us with money. But when we go to the great money centers, where money is cheap, we can never get loans for less than 10 per cent.

Mr. MERRIAM. Is not the reason why the rate is so high that they do not know the paper?

Mr. WARD. I think the capitalists in New York are pretty well acquainted with the Michigan Central and the Northwest Railroad Companies. There are thousands of dollars of the stocks and bonds of these companies sold in the stock exchange every day.

Mr. MERRIAM. Would it not be perfectly legitimate for New York bankers to hesitate to

loan money on railroad paper without knowing whether the company was absolutely solvent or not?

Mr. WARD. I do not know what the reasons are. I state the facts. I only say that we cannot get money in New York for less than 10 or 12 per cent.

The CHAIRMAN. Could you, at the time you speak of, have borrowed money on the bonds of these railroads as collaterals on call?

Mr. WARD. Certainly we could. We did not want it on call.

The CHAIRMAN. Suppose you had money to carry on your rolling-mills and other enterprises without borrowing: could you, in the present condition of affairs, find market for your products?

Mr. WARD. The re-establishment of the general prosperity of the country would very soon start all the industries of the country to going again, and a sufficient market would be created. The difficulty now is that, with everything at a stand-still, people cannot buy the products of the mills. Emigration must be largely checked by the rates of money charged in the East.

The CHAIRMAN. Our theory is that we have been overtrading, and have had too much prosperity, and that we have built too many railroads.

Mr. WARD. There is no doubt that we have been building railroads a little too fast in the West, but I do not know of more than one or two that will not in a very few years be paying roads. The country has grown very rapidly, and with a continuance of the prosperity we have had all these roads will in a short time be paying—very much sooner than people expect.

Mr. HAWLEY. If this abundance of money which we have had is to return again, will not the tendency be to go again into building railroads?

Mr. WARD. My impression is that our people have had an experience which will confine them for some time to finishing the roads they have started.

Mr. MITCHELL. If it is true that our domestic manufactures have increased beyond the amount of consumption, is it not desirable that manufactories should cease till the home demand comes up to the supply?

Mr. WARD. Undoubtedly.

Mr. MITCHELL. Is not that true with reference to iron?

Mr. WARD. Certainly. And the reason is that the prosperity of the country has been so checked that people cannot afford to buy iron or use it.

Mr. MITCHELL. Then you think an abundance of money will stimulate the use of iron?

Mr. WARD. It would undoubtedly stimulate the use of iron and lumber and all other products.

Mr. MITCHELL. And also stimulate the cost of other productions?

Mr. WARD. That might be a result; but upon that subject I differ with a great many people. I do not think it is for the interest of the United States to force the price of labor down to the lowest penny the laborer can subsist upon.

Mr. MITCHELL. Your idea is that the supply of paper-money never can be too abundant?

Mr. WARD. No, sir; I think it possible to overstock the country with paper-money. Our laboring population are not in the habit of living upon nothing, as they do in the old countries. I would like to see our laborers have money enough to send their children to school, so that when they come to vote they can send intelligent men, like yourselves, to Congress. We have lived now twelve or thirteen years under what you call an expansion of paper-currency, about which so much complaint is made, and yet this country has never in its history progressed as rapidly in material and resources as it has since the war began. And in all that time it has had no serious check until this panic. The country has never before had so long a period of continued prosperity.

Mr. MITCHELL. And you attribute that to the character of the currency?

Mr. WARD. Not to the character of the currency. I do not think that has had much to do with it. I attribute it to the enormous expansion of the industries of the country and of its general commerce.

Mr. MITCHELL. Has not the extravagance of the country had something to do with it?

Mr. WARD. Yes, it had something to do with it, of course. But when people get rich they are very apt to spend some of their money. If they do not, it would soon all get into the hands of a very few persons.

I hereby attach the following printed statement, marked B, on, "The absorbing questions of the day," as an addendum to my testimony and opinion regarding the present financial condition of industrial interests of the country.

B.

"THE ABSORBING QUESTIONS OF THE DAY.

"*Forced specie payments, or national and individual bankruptcy and pauperism vs. specie payments through the industry of the United States, with progress and prosperity.*

"All testimony and experience combine to establish two important points:

"The first is that no system of finance will bring this nation to a specie basis that does not

embrace, as its elementary principles, an excess of its exports over our imports sufficient to pay the annual interests due to Europeans from the people of the United States.

"The second established fact is (as shown by the census returns) that the United States never added so largely to its substantial wealth and national progress as it did during the past ten years of suspension of specie payments, and what is called paper inflation.

"During the war or inflation period our manufactures were doubled twice and a half; our railroad system spread with marvelous rapidity; our population increased in a greater ratio than ever before. These are the results of active industry; and our industry was encouraged and sustained by high tariffs on foreign importations,

"To day there are at least two millions of people in this country who are suffering the miseries of enforced idleness—a loss to this nation far greater than the daily average wastes of our war.

"What is the cause of this terrible stagnation in the industries of the country? Clearly the want of sufficient money, at fair rates, to keep the vast machinery of the nation at work; while our currency has been reduced in eight years from over \$2,111,000,000 to \$765,679,000, and of this last sum one-fourth the amount, or \$191,415,000, is kept from circulation as a reserve, leaving but \$579,264,000, for actual use as currency.

"This vast contraction, constantly progressing, while at the same time our trade, commerce, manufactures, and agriculture were as constantly enlarging, demanding more and more means of exchange in the shape of currency, must in the nature of things culminate in a crisis. This crisis came. Our industries and enterprises are all at a stand-still, and our united wisdom is now searching to find out, if possible, what caused the panic.

"The banking and money-lending interest favor the issue of more interest-paying bonds to sell to Europe, in hopes by this means to reach a specie basis.

"The more that experiment is tried the farther we should be from it.

"The only possible mode by which this country can *ever* reach a sound condition is to work it out by and through its own industry. The bullionists say reduce your labor below the European standard and then export manufactures to Europe. Is our Congress prepared to try the experiment of pauperizing American labor? If they believe they are, it will be well to also provide a million of foreign recruits to enforce the behests of the soulless money-lenders of the country; for no American army will ever stultify itself by adding to the misery and sufferings of their oppressed friends.

"It is time for the money-changers to begin to count the probable cost of their insatiable greed, while a vast and partly organized army of more than a million of laboring men are now waiting with deep solicitude for a solution of their present difficulties.

"Those who have been the active agents in bringing on our financial troubles purpose, if possible, to induce Congress to withdraw a large part of the remaining currency, thus leaving the whole country in a state of hopeless insolvency and ruin, in order to crush your American labor down to the foreign standard.

"This can never be done, and should not be if it could. Have not your teachers, your preachers, your orators, and your legislation educated the American people to dignify and elevate labor?

"Will they now submit to be pauperized to satisfy the greed of the monopolized money-lenders of the country? The reply is, 'Never! no, never!'

"Your bondholders and importers will ask, 'Are we never to have specie payments?' Yes, with the greatest ease, provided the proper remedy is adopted, and without detriment to any American interest.

"Let the Government turn square about and take just the opposite course it is pursuing. Go on with the public works; promote the great and partially finished national railroads, as England has done in India; increase the circulating medium to at least one thousand millions; issue two or three hundred millions of 3.65 convertible bonds to give elasticity to the currency, and give the masses of people an opportunity to invest in them; increase your tariff on imports from foreign countries; and if such increase does not check importations to a safe standard, instruct the Secretary of the Treasury to add to such duties 10 per cent. every ninety days, until our imports, including interest due to foreigners, shall be less than our exports; and the day that this system is put in full operation, and is known to be the policy of the Government, the paper money of the United States will at once be as valuable as gold, for the simple reason that the demand for gold to pay foreign indebtedness and foreign interest will at once cease.

"This policy, as a whole, will be met with bitter opposition and abuse from all selfish money-lenders; from every foreigner out of this country; from all importers of all grades, and from some simple-minded people whose reason fails to serve them. But, on the other hand, we shall set the whole industrial machinery in the United States in active and profitable operation.

"We shall spread content and satisfaction throughout the land, (money-lenders excepted, as interest will lessen as currency increases,) and we shall avoid the threatening calamities that idleness and revenge may at any time be precipitated upon the country.

"As our domestic financial troubles all originate in lack of money and currency to make exchanges, give us more of it, and the difficulty is at an end. As all the difficulties in the way of specie-resumption grow out of excess in importations and a great national debt held

in Europe, put the knife deep into the cancer and cure the patient by high and higher duties, until our exports fairly exceed all our annual indebtedness to foreign countries. This is our only sure salvation; and the sooner the country comes to understand and act upon that theory the sooner we shall be a solvent and prosperous nation.

"It is not probable that many members of Congress can fully appreciate the sad and desolate condition of most of our manufacturing communities, and no one can unless he is placed in a position to realize, from his own experience, the difficulties that surround the managers of these great and beneficent establishments, many of them with thousands of able-bodied men, with their dependent families, and the managers utterly unable to procure the means for their monthly pay; and if they could possibly run their mills or factories for a time, the country is so depressed that there is no safe market for their products. Put yourselves in their places, and remember these are the men who are to protect and perpetuate this Government, and that their children are to be the future voters as well as workers of this great nation. Treat them as human beings, give them work and pay, and they will bear with patience all the other ills of life, and bless the land that gives them liberty and plenty. Starve and degrade them, and the curses of broken faith and base ingratitude will haunt the authors of their wrongs to their everlasting homes.

"You cannot and must not neglect or evade the great responsibility of this vital question. It must be settled, or the hideous ghosts of starvation, and the more horrible scenes of unchecked anarchy, will soon force the most indifferent to a realizing sense of its importance.

"Famishing stomachs and shivering limbs are not the highest grade of educators in financial morals, while such education seldom improves the forbearing or reasoning powers of their possessors. Our revolutionary fathers said this Government was established on the principle of the greatest good to the greatest number, and that there are times and circumstances when forbearance ceases to be a virtue. It is to be hoped this Government will never forget the corner-stones upon which it was founded, nor the ominous teachings of unappreciated forbearance.

"The urgency with which I make this appeal is prompted by the fact that nearly four thousand idle men, and over ten thousand of their dependents, to a great extent, rely upon my simple efforts to supply the necessary means to pay for the maintenance and labor necessary for their support.

"Experience and common sense indicate that the true remedy for a financial panic and its effects is more money. The cure for irredeemable currency in this country is to buy less from foreign countries than we sell them.

"The remedy for commercial idleness is cheap and plentiful capital and plenty of work. Any system, however cunningly devised, that transfers all the profits of industry from the producer to the non-producer is fraudulent and oppressive in its operation; and the great laboring interests of the country are beginning to discover that since they have destroyed physical slavery in the South, an almost equally objectionable slavery is gradually encircling the free men in the North. Peaceful but thorough remedies will cure the evils. A long continuance of the present stagnation and idleness will end in violence.

"No class of business in the United States has yielded a profit for the past two years except the lending of money in its various forms.

"The average net gains of national banks over their expenditures for ten years past has been at least 15 per cent., and in many instances 20 per cent. and upwards, while their capital remains unimpaired.

"The rate of interest now being paid by the people is rapidly transferring the whole values of the country to the money-lenders and bankers. No legitimate business can be sustained wholly on borrowed capital, if they pay half the present rates of interest asked for loans, except call-loans, which no one but a stock-broker can afford to indulge in.

"The rate of interest for money, in the absence of unusual speculation, is the fairest index of a sufficiency or security of money. When rates are low, the indication is that money is plenty; when high, that there is a scarcity. At present the annual rate of interest paid by the mass of business is not less than 12 per cent. per annum, and in many sections of the country 15 per cent. Inflation means needless excess; scarcity is indicated by excessive interest. We had over two thousand millions currency when we had far less than half the territory, about half the population, and less than one-third the commercial demands for money we now have. And we are gravely told that we are suffering from undue inflation. Your trade, commerce, and manufactures are starving to death for want of money. Can you navigate your navy in a mill-pond, or transport your nation's products across the Atlantic in a canoe? Yes, as easily as you can transact its vast exchanges with its present meager and inadequate amount of circulating medium. Four thousand millions to-day would not be so great an excess above our needs as two thousand millions was when we had that amount to use.

"The rates of interest claimed to prevail in the city of New York, or the abundance of money there, have not the least perceptible influence in the great country west or south.

"The following simple propositions, freed from the mysterious verbiage of professed financiers, can easily be comprehended:

"The Government cannot divorce its interests from the interests of the people. When

the people are idle all revenues suffer—people and nation alike. Give the people the means of making their exchanges, and immediate prosperity will follow. Contract the present amount of currency, and open and wide-spread violence will probably ensue.

“E. B. WARD.”

Mr. FARWELL. Now, what definite remedies would you suggest?

Mr. WARD. My first remedy would be to prohibit national banks from paying interest on deposits. That would tend to scatter money now concentrated in New York through the country where it is most needed.

Mr. MERRIAM. Would not practical redemption in New York City do the same thing?

Mr. WARD. I do not think it would.

Mr. MITCHELL. Would not that bring deposits into banks like mine which are now in national banks?

Mr. WARD. I would be glad if it did, for we could borrow money from you if you had it.

Mr. FARWELL. What other changes would you suggest?

Mr. WARD. I think you require from the national banks larger reserves than are necessary. Then I would like very well to see some of the 3.65 bonds issued, so as to cause some elasticity when we undertake to move our crops in the fall of the year, and that there may not be this endless stringency in the money-market, which every year embarrasses us.

Mr. FARWELL. Would not that have the effect of removing deposits from the banks?

Mr. WARD. No, sir; I think not.

Mr. FARWELL. For instance, you have fourteen hundred thousand dollars of deposits in your bank, which you loan to merchants and manufacturers like yourself at 10 per cent. Now, these men have given you the use of their money and receive nothing from you in the way of interest. Suppose, instead of depositing their money in your bank, they could step into a Government depository and procure 3.65 bonds, with the privilege of getting currency for them when wanted: would not that reduce your deposits and limit your facilities for accommodating the business of the country?

Mr. WARD. It might, but I don't see how it is to have that result. I would as soon have greenbacks in circulation as bank paper, and when there is any stringency the greenbacks will come out again into circulation.

Mr. MERRIAM. When these men put their money into 3.65 bonds, they are obliged to draw money out of your bank and deposit it in the Treasury in order to get the bonds. How, then, does it not lessen your facilities, and lessen your ability to accommodate the business of the country?

Mr. WARD. I don't think it would have that effect; I should be sorry if it would. I don't want to cripple the banks, for I have an interest in them.

Mr. MERRIAM. While the money of the people of Detroit is deposited with you, you are simply gathering it up and placing it where it can be used for the benefit of the industries of Detroit. Are not these facilities lessened, and your power to accommodate the business of the community lessened, by locking up this money in the Treasury?

Mr. WARD. I do not think, while these industries are paying 7 or 8 per cent., the owners of the money will be likely to lock it up in the Treasury at 3.65 per cent.

Mr. FARWELL. You do not pay any interest on the deposits which you receive from A, B, C, and D. Now, suppose these parties, instead of depositing their money with you and receiving no interest from it, deposit it in the Treasury and get these interest-bearing bonds?

Mr. WARD. They will not send it to Washington or buy 3.65 bonds until the rate of interest comes down below or to 3.65 per cent. The large dealers of our towns do not generally receive interest on their deposits, nor would they, under any circumstances. I have kept a bank account for very many years, but I have never received interest on any money deposited by me.

Mr. FARWELL. What do you think would be the effect of free banking?

Mr. WARD. I think it would increase the currency very much. I do not want you to understand, however, that I am an expert in regard to banking matters, for I am not.

Mr. HUBBELL. What would be your idea of the Government allowing the banks to issue at par instead of 90 per cent., as at present?

Mr. WARD. I think the effect would be good if the Government bonds are not worth par. I do not know what they are worth.

The CHAIRMAN. If I understand you, your personal interests are identified with the money-borrowing portion of the community?

Mr. WARD. Yes, sir.

The CHAIRMAN. And your judgment is that the volume of the currency in the country is largely insufficient to meet the wants of the legitimate business of the country; and, further, that what currency we have is too largely concentrated in the city of New York and in the hands of persons who use it for their own advantage, and to the prejudice and inconvenience of the industries of the inland country?

Mr. WARD. Yes, sir. The industries of the West cannot avail themselves of surplus money in New York to any extent whatever. If they borrow money there, it will be at rates that would ultimately ruin them.

The CHAIRMAN. We are sometimes told that the reason why there is no money in your country and mine is that there is no capital there. What have you to say upon that subject?

Mr. WARD. Well, I think there is a little capital in the West. I think I have seen evidences of the existence of some capital in Chicago and other places.

Mr. MERRIAM. Is it not your opinion that capital in the West is invested in enterprises which pay larger dividends than the banks, and is therefore not put into the banks, and does not that account to a certain extent for the scarcity of currency there?

Mr. WARD. Perhaps so. In regard to the amount of capital invested in the West, let me say that the industries I represent have cost, in actual cash capital, about \$5,800,000; but they are obliged to some extent, nevertheless, to borrow money. There is, however, that amount of actual capital put into the plant, into the factories, rolling-mills, &c. I give that as an illustration of the question whether there is any capital there, and I represent but a small fraction of the whole. When the people of the West made their investments in manufactures, they were encouraged by high tariffs on imports, and money for such investments was at that time obtainable at moderate rates. They believed that manufacturing would pay better than banking; but they had scarcely got their works in operation before the Government began to reduce the tariff on their goods and contract the currency, both working together to embarrass and ultimately ruin their enterprises. This is the third time, since my recollection, that this Government has promoted by high tariffs large investments in manufacturing; and about the time their works got fairly in operation, tariffs or financial laws have been so changed as to destroy their virtue. We supposed the war had tended to educate Congress to the true interests of the country, but find, to our cost, that, about the time we expect to make our works profitable, the foundations to all our enterprises are destroyed by those who should be our staunchest supporters—the National Government.

Mr. MERRIAM. Is there not a larger proportion of capital in the West invested to-day in business enterprise there than in banks, while in New York there is a larger proportion invested in banks, which enables them to command the money market?

Mr. WARD. Undoubtedly that is true to some extent.

Mr. MERRIAM. Would it not be better for you gentlemen in the West to put more money into banks, so as to enable you to get your discount at home?

Mr. WARD. Very likely; but then the Government steps in and says we shall not have the circulation.

Mr. MERRIAM. Suppose we give you free banking?

Mr. WARD. That will help us somewhat.

Mr. HAWLEY. Do you think it would be better for the country to have our currency convertible money—money equal to specie?

Mr. WARD. If it could be done safely it should be done, but I do not think it is essential to the interests of the country that we should have specie money. We have worked under this currency for the last fifteen years, and have progressed more rapidly than ever before in all the elements that constitute a great nation.

Mr. HAWLEY. Is there not danger that by extending this volume of irredeemable paper we shall indefinitely postpone the event of getting back to specie payment?

Mr. WARD. In the first place, a country that is prosperous can pay all its taxes and all its debts better than one that is prostrate. A country without money cannot pay its debts and cannot be prosperous. The only way to reach specie payments is, in my judgment, to check by high duties the excessive imports from foreign countries. It is our excessive imports that prevent specie payment, and not excess of currency. Our currency was never so good under any system as it is at present, and never satisfied the people so well. The only defect is, there is not enough of it to carry on our business. The people care nothing about specie; they want something to make exchanges with.

Mr. HAWLEY. Do you think the issue of more irredeemable paper will bring about an apparent or real prosperity?

Mr. WARD. I have no doubt that it will add to our real prosperity. I believe if Mr. Richardson had issued his forty-four millions reserve just before the panic, it would have averted the panic for this year. The business of the country was growing rapidly, and the panic might have come next year.

Mr. HAWLEY. Some gentlemen have advocated a plan by which we shall issue money permanently inconvertible, with simply the stamp of one dollar or two dollars, or whatever the denomination may be, for the business of the country. Do you think that would conduce to the prosperity of the country?

Mr. WARD. Not more than the present arrangement of currency. When the panic came on there was nobody who wanted gold; they wanted greenbacks.

Mr. HAWLEY. The plan I speak of is urged by able men, who propose to issue a currency that shall be irredeemable on its face, instead of the present one which promises to pay. Would you be in favor of that?

Mr. WARD. I do not think an unlimited issue of currency would be a good thing for the country, and I should rather have a currency that contained a promise to pay.

Mr. HAWLEY. But you don't want the time fixed when the promise is to be redeemed?

Mr. WARD. Not at once.

Mr. MITCHELL. Is not the difficulty the West labors under a want of sufficient floating capital?

Mr. WARD. Yes, sir; that is the great difficulty. During the war, when there was a large amount of currency afloat, we could get what money we needed. But gradual contraction has culminated in withdrawing too much circulating medium, and now it is impossible to get money in any amount needed to carry forward our most important enterprises, and our people are idle and disaffected in consequence.

There is no remedy for irredeemable currency but by lessening our imports from foreign countries to such an extent as will enable our exports to pay for our imports and the interest annually accruing to foreigners from the United States.

LESTER TAYLOR, of Cincinnati, wholesale commission business in domestic goods, appeared at the invitation of the committee, and, in response to the general question as to any defects in our financial system and the remedy therefor, made the following statement:

I think we have more paper money than we need. It is not possible, however, to determine exactly what volume of currency is required until we come to specie payments; but my belief is that we have more paper money than the commerce of the country legitimately requires, and that it is this ascendancy of paper money which has stimulated speculation, which was remotely the cause of the late panic. I believe, however, that you cannot adopt any system which will prevent panics with a people of the active, restless, Anglo-Saxon race. They will always abuse their credit. If we had nothing but a metallic currency, we would have credit panics; but I think this was increased by the unhealthy stimulus of the redundant currency, which induced our people to go into a variety of speculations that were not profitable, but which abuse withdrew money from the legitimate industrial pursuits of the country. In the recent meeting of the National Board of Trade, I was a member of the committee which made the report that has been presented here, and we unanimously agreed that it was no time now to fix any date for specie resumption. We differed widely in regard to the practical time. What we deemed it wise to enter upon now was to prevent suspension and to bring back the currency of the country to a condition occupied before the panic, and to compel the banks to retain the coin received by them in payment of interest on their bonds. After the country should have reached that point we could then present some preparatory measures for resumption. It seems to be the conviction of the members there that it was not possible to restore a specie standard and continue it without preparatory measures. This plan of issuing 3.65 convertible bonds came before the committee and before the board, but it received very little support. It was fully explained, but it was condemned on the ground that it would place it in the power of combinations of men in New York to make money easy or tight, just as they wished, by locking up the greenbacks or setting them afloat. Then you must remember that every dollar of greenbacks which under the present law constitutes the reserves of the national banks represents five dollars of currency. There was a plan presented by Mr. Chittenden, of New York, and advocated with a good deal of effect by him, which I think he said was the plan of a member of this committee—I think of Mr. Merriam, of New York—embracing what was called practical redemption of bank-notes, and also the idea of free banking. That plan received no considerable favor in the Board of Trade, for the reason that the impression prevailed that it would really become a scheme for inflation; that the practical redemption would amount to very little, while the free banking would promote inflation. It was remarked that the power of redemption was already in the hands of the bankers in New York, if they would only assort their bills and send them home as they ought to do. In regard to the recommendation that the banks should be compelled to hold the coin received by them for interest, there was great difference of opinion, and it was passed by a vote of thirty-seven to eighteen. Several members voted against it on the ground that this was an expansive measure, which to a certain extent is true, because it would release about twenty-one millions of greenbacks annually; but it seemed to be the sense of the committee and of the board that the conservative operation of hoarding this gold would prevent and counteract the possible influence of inflation, and that we must in some way or other begin to collect gold preparatory to returning to a specie standard by and by; and it was said that the national banks would never collect any considerable amount of gold until they are compelled to do so by law. I know that is the effect in respect to the national banks in the West, and especially in my own State. Indeed, it was stated that a practice exists among the small banks of borrowing greenbacks to show the examiner when he comes about, while they will not be able to borrow gold. If the reserve is to be kept in gold, the result will be also to force the money of the banks, which are weak and on the verge of failure now, into liquidation. I may say here that after the meeting of the National Board of Trade in Chicago, we discussed this question of the resumption of specie-payments and the currency question for about four weeks in the Board of Trade at Cincinnati. The president of that board is an inflationist, and he appointed a committee to report in favor of the further issue of currency. To that policy he found great opposition in the board, and it was discussed every two days for nearly four weeks, when two results were finally adopted: one was that Congress, by all this legislation touching the currency and financial matters, should look to the restoration of the specie-standard; another was that it was not practicable at the present time to restore the currency of the country to that standard, and that no effort should be made to restore it and maintain it until the country had got into that condition where it could glide

from a paper-currency into a specie-currency without any serious interference with its business. The second resolution expressed the disapproval of the board to the issue of any further paper-money. That was thoroughly discussed, and adopted by a vote of ten to one. Prior to the panic our merchants and business-men were pretty nearly equally divided on the question whether an effort should be made to return to a specie basis or not; but since the panic the sentiment has become almost universal that something should be done to restore the specie-standard. We have now very few men crying out for more currency, and they are men who are always shinning it; almost always overtrading and losing their credit. One of our bank presidents told me not long ago that they had come to look with distrust on any man who was the advocate of the expansion of the currency; that it was an indication that he was overtrading and desiring more money to tide over something. I think that class of people now find great difficulty in obtaining discounts. I am not a national banker; I own no national-bank stock; but I had no difficulty in borrowing money before I came down here at $7\frac{1}{2}$ per cent. for four months, with the right on my part to pay a part or the whole of it at any time I chose. Money in Cincinnati is abundant; the deposits in our banks are larger than before the panic, and yet we are carrying nearly our entire pork-crop.

The CHAIRMAN. How much of your bank deposits represent debt and how much cash?

Mr. TAYLOR. I really cannot separate them in that way. The bank where I do business has a capital of \$850,000, and before I came here had a deposit account of about a million and three-quarters.

The CHAIRMAN. What was its discount line?

Mr. TAYLOR. I think about a million and three-quarters. Our banks are very conservative, and do not go to the extreme point in their discounts.

Mr. HUBBELL. Let me ask you whether the loan you spoke of was made in a national or private bank?

Mr. TAYLOR. In a national bank.

The CHAIRMAN. When you negotiate a loan with your banks, are you expected to allow any portion of the loan to remain on deposit?

Mr. TAYLOR. Not a dollar of it. I have had my bank account closed at night with not \$50 in the bank. I wish to say, in relation to the usury laws, that I think it would be most unwise for the Congress of the United States to interfere in any way in regard to the usury laws. I think that should be left to the States; but I should be very glad to see the States repeal their usury laws altogether. I don't believe it would make money cheaper than it is now, but it would induce the investment of large amounts of money by foreign insurance companies, who are afraid now to invest because of the usury laws. Our legal interest in Ohio is 6 per cent., but we may by agreement increase the rate to 8.

The CHAIRMAN. If these foreign insurance companies will not loan their money at 6 per cent., why would they do it at lower rates?

Mr. TAYLOR. I do not think it would bring the rates below 6 per cent.: 6 per cent. is a good deal below the average rate of interest in the West.

The CHAIRMAN. Then the effect of the usury law is that it limits it to a rate below that figure?

Mr. TAYLOR. No, sir; the usury law is not obeyed at all in the general commercial transactions; it is only obeyed by a class of timid men, who are not willing to take the risk. If it were repealed, I think it would attract capital to the State.

Mr. FARWELL. You think there is currency enough in circulation to do the legitimate business of the country; and your further theory I understand to be that it makes little difference in your business whether money is plenty or scarce?

Mr. TAYLOR. No, sir; it makes great difference with us. We advance a good deal in money on goods coming to us from the South. If we can borrow money at 6 per cent. and loan it at 10 per cent., we can make a profit by it. I may say in this connection that the business of manufacture has been in an unsatisfactory condition for several years, and we attribute it to an overproduction in this country, particularly in reference to cotton goods and iron. Several years ago that was remedied by the general consent of the cotton-mills to suspend the work for several months, and this enforced suspension by the late panic has had a good effect in that respect in the mill with which I am connected. In Pennsylvania we have had no dividends for two or three years, and we attribute it to the overtrading in our line of business.

The CHAIRMAN. The National Board of Trade were unanimously of the opinion it would be better to get back upon a specie basis. Why did not you, instead of passing resolutions looking to a memorial to Congress, adopt a resolution that you would henceforth conduct your business upon a specie basis?

Mr. TAYLOR. It is not possible to conduct a domestic business upon a specie basis.

The CHAIRMAN. Are not the people within your vicinity perfectly well satisfied with the currency we actually have?

Mr. TAYLOR. Entirely. It is a great improvement on the old currency. I want to say just here that Mr. Fraley yesterday made a great mistake when he said I was in favor of going back to the old State banks. What I said was that I would rather go back to old State banks than that the United States should remain forever in the banking business.

Mr. MITCHELL. State whether the national banks, while they are a monopoly, are not subject to penalties under the law which do not apply to private banks.

Mr. TAYLOR. Yes ; but I think the national banks in our vicinity evade the law. I think that national banking in Cincinnati is not nearly so profitable as private banking. The taxes of the United States and of the State amount to about $4\frac{1}{2}$ per cent. upon their capital and circulation, while our private banks, under a peculiar provision of the State constitution, almost altogether avoid taxation. It is notorious that one of the banks of Cincinnati, with a capital of a million dollars, six months ago went out of national banking and went into the private banking business. Our State tax on national banks is about $2\frac{1}{2}$ per cent., but they cannot tax the State banks, because their investments are mostly in United States bonds, which are free from taxation, in the hands of private individuals.

The CHAIRMAN. A national bank ceasing to be a national bank, and going into private banking business, does so with every advantage except that of circulation, and is able to do a much more profitable business than by continuing a national bank ?

Mr. TAYLOR. That is true.

Mr. HUBBELL. You say that on this 3.65 plan there is danger of a locking-up of currency in New York. Would that danger exist if the Secretary of the Treasury was authorized to fund these greenbacks into 5 per cent. bonds ?

Mr. TAYLOR. The Secretary of the Treasury would then have to be constantly on the look-out. The great objection, however, was against the Government of the United States binding itself to pay interest upon the idle money of capitalists.

Mr. HUBBELL. You say that for every dollar of greenbacks withdrawn it lessens bank credit \$5. What would be the effect if the Secretary should withdraw the twenty-nine millions of the forty-four millions which have been issued ?

Mr. TAYLOR. It would reduce the bank credit of the country a hundred and forty or one hundred and fifty millions, and would more than absorb the idle money now lying in the banks.

The CHAIRMAN. Upon Mr. Hubbell's theory, you are merely substituting one form of debt for another. The Government pays you 3.65 in currency, and with the proceeds takes up another class of bonds on which they are paying 6 per cent. in gold. Was that view considered in your board ?

Mr. TAYLOR. Yes, sir ; that view was considered very thoroughly, and very ably argued.

Mr. HAWLEY. You do not mean that that twenty-nine millions has actually got into the bank reserves there ; that it has actually expanded our credit five to one ?

Mr. TAYLOR. No, sir ; I do not think it has yet, but if it remains out it will cause expansion.

The CHAIRMAN. Did I understand you that Mr. Merriam's bill was discussed before the National Board of Trade ?

Mr. TAYLOR. Yes, sir ; and the principal objection was that under the national-bank law, as it exists now, this redemption could be brought about if the banks chose to do it.

Mr. MERRIAM. You must assume, however, as a fact, that they never have done it, and will not do it.

Mr. TAYLOR. We assumed that, but it was also argued that if they did not do it they had no cause for complaint.

The CHAIRMAN. As I understand, Mr. Merriam's theory is that his plan of redemption would be a means of preventing a plethora of circulation. The answer I would make to that is that the fact of a failure on the part of the banks to enforce practical redemption is an evidence that there has been no plethora of circulation.

Mr. TAYLOR. I think if it had become so abundant as to be oppressive they would enforce that provision. There was another objection to his plan of redemption in New York, that it would operate as a further concentration of the money of the country in New York. There was considerable feeling about that.

WASHINGTON, D. C., *January 22, 1874.*

JOHN CUMMINGS, in the shoe and leather business, and president of the Shawmut Bank, Boston, appeared on the invitation of the committee, and in response to their general question as to the defects of the present system of finance and the remedies therefor, made the following statement :

I heard the statement of Mr. Kidder, and believe, with him, that an improvement could be made in the present system of banking and finances of the country, and wish to say, what he neglected to say, that I think a change of law should be made in regard to the bank reserves which would strengthen the finances of the country. I believe the reserves required for each bank should be kept in the vaults of that bank, so that they may be available any time it may become necessary, and that this will tend to produce the desired elasticity in the currency. During the late panic not less than fifty millions, as I understand, of the reserves of the banks of the country was locked up in New York. I believe if that money had been kept out of New York, while we may have had a panic, it would not have approached in severity what occurred last autumn. I believe the wild speculations to which Mr. Kidder has referred could never have occurred but for the facility the accumulation of these large

reserves in New York afforded to speculators to borrow large amounts of money on call. I want to say, further, that I think the amount of reserves required under the present law is too large. I do not believe more than 15 per cent. is required for the city banks, and none at all to protect the circulation. The fact that whenever a national bank fails its bills are at a premium demonstrates the position that we do not need the reserves in the banks for their protection.

Mr. MERRIAM. As a bank officer, let me put to you this question : Does it make any difference with the security of either the depositor or bill-holder as to what you keep your reserves in, whether they are in legal-tenders or bank-notes, so long as you keep your reserves ?

Mr. CUMMINGS. Not at all.

Mr. FARWELL. Do you think it would make any difference with a prudent banker in the amount of reserve he actually kept on under, whether he was required by law to keep it or not.

Mr. CUMMINGS. No, I think not, with a prudent banker. I think any good business-man would not deposit in a bank which did not maintain a proper reserve. If that restriction were removed altogether from my bank, the first thing a business-man would ascertain before he deposited with me would be what amount of reserve I kept for the security of depositors.

Mr. FARWELL. You think it would be just as well, then, if the requirement of law was removed ?

Mr. CUMMINGS. No ; I am not prepared to say just that. I think if there was no such requirement there would be trouble very often from banks. Let me say that the extent of actual credit between one bank and another is very much more than you are probably aware of. I cannot tell you now exactly what the amount of the daily balance of the Boston banks is, but it is very large. One bank having an extended business is liable to lose very largely, as all our banks did in the late panic, when the western banks drew out a large amount of currency. Yet the banks must redeem their checks in greenbacks at the clearing-house; and in order to do that, when one bank is short, it must borrow from other banks. You must see, therefore, that unless the law was such as to give confidence between the banks, when a bank found itself weak it would be unable to borrow, and would come into trouble.

The CHAIRMAN. I understand that under our present system you do not think it necessary to require any reserve to protect circulation. How large a reserve would a prudent man keep for his deposits ?

Mr. CUMMINGS. That would depend entirely upon the business he was doing. Where the business was fluctuating he would require a large reserve. My own belief is that the proper amount should be about 33 per cent.

The CHAIRMAN. Under our national-bank system, if there were none but prudent and skillful bankers, no requirement of law would be necessary ; but inasmuch as one man is as good as another if he can bring securities, I understand you, therefore, that the requirement of law is a wise one ?

Mr. CUMMINGS. It is no doubt wise to have some provision of that sort as a check upon inexperienced or unskillful persons who may go into the business.

Mr. MERRIAM. Suppose a plan of practical redemption were established requiring each bank to redeem its currency in legal-tenders, would there be a necessity of requiring any reserve at all ?

Mr. CUMMINGS. I think not ; if the redemption actually took place.

Mr. MERRIAM. Is it not the fact that at present there is no practical redemption in this country to-day ?

Mr. CUMMINGS. That is now the fact ; and I want to say just here that the effect of establishing various redeeming centers in the country will be to a certain extent to increase the circulation. There is now no bank in the United States which has not a quantity of bills that are mutilated and worn out laid by. They are always accumulating ; and if we could take them to a convenient place of redemption and exchange them for good bills, the circulation would be increased to that extent.

Mr. MERRIAM. That, however, would only be temporary ; after you had once exchanged your mutilated and worn-out bills, they would not accumulate again.

Mr. CUMMINGS. I have in my pocket a statement of the condition of the banks of Massachusetts, in which I find that for the whole State the amount of circulation is only about ten millions in excess of the deposits. If you adopt the rule requiring 33 per cent. upon deposits as a reserve to be kept by each bank in its own vaults, it would be a protection to the banks and a great advantage to the business of the States ; it would give to the Massachusetts banks \$10,000,000, which is now held in New York, and which is taken out of Massachusetts, carried into Wall street, and there loaned, not for the purpose of legitimate business, but to foster speculation.

The CHAIRMAN. Let me ask you whether in your opinion the amount of currency you have in New England is in excess of the wants of business there ?

Mr. CUMMINGS. At some seasons of the year it is ; money is always in excess during the summer season, and is used for various purposes, so that we find in September our currency

is so run down that we are obliged to resort to extraordinary means to get what is required to send to the West, and in thirty or sixty days it comes back again, and we have more than we want.

Mr. MERRIAM. Is not that difficulty in regard to moving the crops increasing year by year?

Mr. CUMMINGS. I do not know that I have discovered any marked change in one year over that of another until the last one. In 1872 the currency left us in the fall, but it returned again in the course of thirty or sixty days.

The CHAIRMAN. If your currency in New England is in excess of the wants of your business, would it not be right in itself and equitable for a portion of that currency to be withdrawn and applied to banks in other portions of the country, where they are unable to get the amount of currency needed for their business?

Mr. CUMMINGS. In answer to that I will say that I believe that the portion of country desiring that would suffer more severely by the lack of that currency in Massachusetts and on the Atlantic coast than they do now. They would not be benefited by carrying it to their own homes. Money must go where it will be used to the best advantage. Money goes from Boston and from the Atlantic coast to the West, when it is needed there, and it will remain there as long as it can be used to better advantage than in the East, when it will return to the Atlantic coast again.

The CHAIRMAN. Upon that principle why does it not come from London, where the rate of interest is so much less?

Mr. CUMMINGS. Because the credit of the country is not equal to the demands of the owners of the money.

The CHAIRMAN. Is it not also to be accounted for in the fact that capital is exceedingly timid, and that men who have money prefer to loan it at a lower rate of interest at home than for a higher rate at a distance?

Mr. CUMMINGS. I think there is an element of truth in that fact. I think the reason why money is worth 10 per cent. in the West and 7 per cent. in the East is partly that the security is not so satisfactory in the West, and partly because, as you said, money hesitates to go away from home.

The CHAIRMAN. Do you suppose if I was to go home to my people and tell them they should not have banks there because it is better for them that the money should be kept in Boston and New York, a great many of them would be likely to believe me?

Mr. CUMMINGS. No, sir; but I think if you go to your people and say that it will take \$117,000 of their money to get \$90,000 in bills, they will see that the establishment of more national banks is not a source of very great advantage to them. We have often sent money down South and invested it in bank-stocks.

The CHAIRMAN. Then when they are coming up here and trying to get bank circulation, I should tell them that they were seeking something that, instead of being an advantage to them, will be quite a disadvantage.

Mr. CUMMINGS. I believe they have had the opportunity in the last three or four years of obtaining additional circulation if they desired it.

Mr. FARWELL. Would you be in favor of taking off the restriction upon bank issues, and of making banking free?

Mr. CUMMINGS. I do not see much objection to that.

The CHAIRMAN. Do you believe that it would result in an amount of bank currency that would be favorable to the business of the country?

Mr. CUMMINGS. I believe that banking is carried on in New England as wisely and prudently as it is carried on anywhere, but I do not believe there are many millions of dollars that would seek to be invested in new banks.

Mr. MERRIAM. Do you consider our national-bank system preferable to the old State-bank system?

Mr. CUMMINGS. Most decidedly.

Mr. MERRIAM. Would you prefer the law now in existence, under which you must take twenty-five millions of dollars from Boston and New York, and send to the West, or would you prefer free banking, which would enable you and them to have what currency you desired?

Mr. CUMMINGS. I should be in favor of extending our system of banks, believing that it would not be used to the disadvantage of the country. I believe that if you should give us in New England double the amount of currency we have there now, we should still suffer as severely as we do now. You cannot find men who are willing to allow their money to remain idle six or seven months in the year to enable them to use it the other five or six months.

Mr. MERRIAM. I would like to ask you whether the issue of legal-tender notes does not accomplish inflation to about four times the extent of the same amount of national-bank notes?

Mr. CUMMINGS. You do inflate the currency more by the issue of greenbacks than by national-bank notes under our present law.

The CHAIRMAN. What time does paper have to run in the Boston banks generally?

Mr. CUMMINGS. The average time is about ninety days.

The CHAIRMAN. What is the rate of interest ?

Mr. CUMMINGS. The rate of interest is 7 per cent. ; that, however, is based upon the average deposits the customer keeps in the bank. We generally claim that a man's deposits should be about 15 per cent. of his liability, if he gets anything.

Mr. MITCHELL. I want to ask you if you think the security of your circulation is something that you deem it important to guard by law ?

Mr. CUMMINGS. I believe there has never been a bank-note issued that has gone below par ; but, on the contrary, wherever a bank has failed, its notes have been at a premium.

Mr. MITCHELL. When you redeem your bank-note circulation, do not you take what you receive as cash, and use it to pay your debts, so that in fact you are just as well off as if you had not redeemed them ?

Mr. CUMMINGS. I cannot see much difference. I redeem them to-day and use them to-morrow. In fact, as I have said, practical redemption would really increase the resources of the bank, by substituting new notes for those mutilated or worn out, of which there are now millions lying idle in the vaults of the banks.

Mr. MITCHELL. Can you keep your bank-notes in your own vicinity ?

Mr. CUMMINGS. Not at all.

Mr. MITCHELL. The bills go out West and stay there ?

Mr. CUMMINGS. Certainly.

Mr. MITCHELL. And therefore the supply of currency is governed wholly by the rules of supply and demand ?

Mr. CUMMINGS. I think so.

Mr. MITCHELL. And the accumulation, therefore, of a large amount of circulation in New England benefits the whole country just as much as it does New England ?

Mr. CUMMINGS. I so consider it.

The CHAIRMAN. And if there is a diminution of currency at a given time, the large cities in the East will take care to have their wants supplied at the expense of the South and West ?

Mr. CUMMINGS. I do not think that is so.

Mr. DURHAM. What is the net profit of your bank ?

Mr. CUMMINGS. The net profit last year was a little short of 10 per cent., and we paid 9 per cent. dividends, and carried a surplus of a little less than 1 per cent.

Mr. DURHAM. Would you recommend the removal of any restriction as to the rate of interest to be charged ?

Mr. CUMMINGS. I think that would be beneficial to all parties.

Mr. DURHAM. At what rate do you generally loan ?

Mr. CUMMINGS. At 7 per cent., with the understanding that 15 per cent. is to be left on deposit.

Mr. FARWELL. What is your opinion of the general effect of the usury laws of the country ?

Mr. CUMMINGS. I have always been opposed to them ; I believe that money might come to one man at one price and to another person at another price, and that abolishing the usury laws will allow the man who really deserves to get money to get it.

The CHAIRMAN. I understand that you are in the shoe and leather business. How has that trade been this season ?

Mr. CUMMINGS. It is depressed this year, and there has been no money made in the business for two years.

The CHAIRMAN. How are prices now compared to what they were ten or twelve years ago ?

Mr. CUMMINGS. They are about 5 or 10 per cent. less than a year ago, which was just after the Boston fire, that burned up every shoe and leather house in Boston.

The CHAIRMAN. How do you compare with two years ago ?

Mr. CUMMINGS. They are about 5 per cent. less than two years ago.

Mr. MITCHELL. What national tax does your bank have to pay ?

Mr. CUMMINGS. I cannot tell you specifically what it is. I remember this fact : that some four or five years ago, when bonds were at 20, I asked our cashier to make up our condition, supposing we gave up our circulation. He made it up and handed it to me, with the result that we should clear a hundred and fifty thousand dollars if we gave up our circulation, and that it would require fifteen years' profits upon our circulation to make up that amount. The national tax we then paid was about 3 per cent., and the State tax about 1½ per cent. in addition—1 per cent., I think, upon the circulation, and a half of 1 per cent. upon the deposit account, and a half of 1 per cent. upon the excess of capital over circulation.

Mr. MITCHELL. If your taxes were to be removed, you could afford to lend money at a good deal less than at your present rates ?

Mr. CUMMINGS. Yes ; we could lend money at about 5 per cent.

Mr. MITCHELL. And declare dividends at 12 per cent. interest instead of 9 ?

Mr. CUMMINGS. No ; not at that rate of interest.

Mr. MITCHELL. Do you suppose that the rate of interest would be at all affected by the removal of your taxes ?

Mr. CUMMINGS. I do ; because the competition would be such as to require it. We should not lower the rate of interest unless we were compelled to.

Mr. MERRIAM. You have alluded to an amount of currency, which is mutilated and worn out, now hoarded in the banks. What amount do you suppose is thus hoarded ?

Mr. CUMMINGS. I have not made any estimate, but it must amount to millions. I know we continually have it in our banks.

Mr. HUBBELL. You stated that the establishment of free banks would not increase their facilities in the West. Would it not facilitate their business facilities in the credit which comes from the establishment of a national bank ?

Mr. CUMMINGS. The increasing of the credit at capital centers is valuable for business purposes, but it does not increase the currency in circulation.

Mr. HAWLEY. Then is it not true that with the increase of capital and credit the same effect would be accomplished just as well without circulation ?

Mr. CUMMINGS. Yes, sir.

FREDERICK D. TAPPEN, president of the Gallatin National Bank, New York, for twenty-five years in the banking-business, in response to the general question of the committee as to the defects in the present financial system, and the remedies therefor, made the following statements :

The radical defects in our present financial system, as applied to our currency, are : 1st, redundancy. This is self-evident, and needs no argument ; for, measured by the standard of real money, gold, it is below that standard from 10 to 12 per cent. 2d, inelasticity. This proceeds from a twofold cause, the absence of bank-note redemption and the fixed amount of legal-tender paper, which forms the basis not only of the bank-note currency, but also that larger and quite as important currency, bank credits or deposits. The former is the people's currency in the ordinary affairs of life, and the latter, bank deposits, the traders' currency, performing the same functions, only in a much greater degree. In discussing the relations of the currency to the trade of the country, both should be included, as they are identical in their office. With reference to the absence of redemption of bank-notes, the difficulties are : 1st. The legal-tender character of the notes, as the law compels us to receive in payment of debts due us bank-notes, no matter where or by what bank they may be issued. 2d. With the present form of note, there are almost insuperable mechanical difficulties in the way of assorting them. This has been explained to members of your committee before, and they are familiar with the facts.

The greatest obstacle to elasticity in our own financial system I believe to be the fixed basis of legal-tender paper, upon which our entire superstructure of bank-notes and bank-deposits is obliged by *law* to rest. It is impossible to define by statute, intelligently, how much gold and silver or how much bank-note circulation any country or section of it may require, any more than mere statutes can determine by any known process what amount of bank-deposits may be necessary to economically or properly carry on the large trade of any country or section of it. If this be true, it is incontestable that the basis itself of a sound financial system should be elastic or variable as to quantity and not fixed in amount. I can find that peculiar quality and condition in no other money than specie—the money of the civilized world. We should, therefore, return as rapidly as possible to a specie basis. This will necessitate a gradual contraction of the legal-tender paper. I know of no other method. This can be accomplished by funding the legal-tenders into bonds at a low rate of interest, or into compound-interest notes, which, as the interest accumulates, would go out of general circulation, or, by the absolute cancellation of a given amount each month, out of surplus revenue.

The CHAIRMAN. I understand you that the defects of our currency are at present redundancy and inelasticity, and you would cure them both by withdrawing the legal-tenders and putting the currency upon a specie basis. What, in your judgment, was the cause of the recent panic ?

Mr. TAPPEN. I think primarily a great expansion of bank credits, a redundant currency, and consequent wild speculation. Capital had been diverted from safe and legitimate business and really wasted in the building of unprofitable and unproductive railroads, constructed probably many years before they were needed. When the failure of Jay Cooke & Co. and others occurred, it was supposed by many that the banks and financial institutions generally had invested or advanced a large part of these means in these enterprises, and a distrust as to the solvency of many institutions ensued. This led to a withdrawal of deposits and violent contraction on the part of the banks, and then panic.

Mr. MERRIAM. Do you wish us to understand that you, as a banker in New York, discounted a larger amount of paper than you would have done if there had been less currency in New York ?

Mr. TAPPEN. I do not speak of my own bank ; I speak generally. The banks in New York expanded their loans too much during the summer months, when currency was abundant.

Mr. MERRIAM. Is the extent of discount of the banks of New York measured by the amount of currency in New York ?

Mr. TAPPEN. Certainly ; if the amount of legal-tenders and bank-note currency is increased in New York, the banks will expand their loans and discounts. As a matter of

fact, the banks have during the summer months, when currency has become redundant, loaned and discounted too freely, and have thus increased their liabilities, and sailed too close to their minimum of reserve. When the usual full demand for money to move the crops came, a violent contraction on the part of the banks would ensue—a general calling in of loans, and disability to discount. This has been the case for some years past—this annual recurrence of a stringent money-market in the fall.

Mr. MERRIAM. Did not the accumulation of so much funds in New York, in your judgment, arise from the payment of interest by the banks on their deposits?

Mr. TAPPEN. I have no doubt on that point. Allowing interest on deposits payable on demand would naturally accumulate a large amount of money in New York banks during the summer months.

Mr. MERRIAM. What would be the effect of practical redemption in New York upon a reduction of idle money there?

Mr. TAPPEN. I think it would be exceedingly desirable to have a thorough system of bank-note redemption. The surplus currency would then be returned to the issuers, and be available for the requirements of business in the fall.

Mr. MERRIAM. The sentiment of the country in regard to preventing banks paying interest on deposits is so marked that it will be impossible for us to legislate upon the subject. Will not this practical redemption have very much the same result as the preventing of paying interest upon deposits?

Mr. TAPPEN. Your plan is a compulsory redemption of the banks, the Treasury acting as the agent for assorting and presenting the notes. Though I believe this is a move in the right direction, I do not think it a radical cure for the evils of our present system. As I have said before, the great difficulty is the want of elasticity in the basis of our system. Would it not be absurd for Congress to legislate that we should have a fixed amount of specie as a basis of a banking system—premising we were on a specie basis—say \$400,000,000; no more, no less? And yet this is precisely what Congress has done under our irredeemable paper-money system.

Mr. MERRIAM. The legal-tender note being the basis of our national banking, you assume that every thousand dollars increases the bank deposits \$5,000. Does it have the same effect on the issue of bank-notes? Suppose we authorize the \$44,000,000 reserve to be kept out permanently: what effect would it have upon the business of the country and upon the power of the banks to discount?

Mr. TAPPEN. The \$44,000,000 of legal-tender notes would be the basis for about five times that amount of bank credits, presuming, of course, that the entire amount went into the bank reserve. The same amount of bank-notes would not produce the same effect. Bank-notes can be put into circulation only by discounting or loaning. There would then be an expansion of the currency equal to the bank-notes circulated, and the amount of deposits or bank-credits created by the process of putting them in circulation.

Mr. MERRIAM. When we talk about inflation, it really arises, in your judgment, from issuing an increased amount of legal-tenders, and not from an increase of national-bank notes.

Mr. TAPPEN. The inflation caused by the issue of bank-notes is not so great as that caused by legal-tender paper.

Mr. HAWLEY. You said an increase of \$44,000,000 bank circulation would only increase the credits of the banks \$44,000,000. Would not the amount immediately return largely in deposits, and therefore go to swell the amount of credits to that extent beyond the amount of increasing the circulation?

Mr. TAPPEN. That would be the effect, most certainly.

Mr. HAWLEY. Every note that is discounted, returning as a deposit, is rediscounted and doubles the actual amount of the circulating medium?

Mr. TAPPEN. Certainly.

Mr. DURHAM. How does it happen that the issue of legal-tenders increases the bank credits five to one?

Mr. TAPPEN. It must be remembered that the legal-tender paper is the basis. If the \$44,000,000 enters into the bank reserve, it would furnish the basis for a bank expansion by discounting and loaning from four to five times the amount of the reserve.

The CHAIRMAN. I understand you to say that banks have demands for all the money they will loan, and that you will therefore loan all you have the power to do under the law.

Mr. TAPPEN. Banks usually expand their loans to as great an extent as they can legally.

Mr. MITCHELL. In reference to this plan of redemption that is spoken of, do you believe that a system of redemption can be effective which does not embrace not only the banks, but the business-men of the country?

Mr. TAPPEN. I do not think the people care anything about redemption. It is questionable if any system of redemption will be effective with redemption only in irredeemable paper money.

Mr. MITCHELL. Is it not practically swapping one piece of paper for another of the same value?

Mr. TAPPEN. Yes, sir.

Mr. MITCHELL. Do you not think it would be leading to great inflation if, in this condition of things, a free-banking system were established?

Mr. TAPPEN. I have no doubt upon the subject. I think it would.

Mr. MITCHELL. Mr. Merriam's bill provides that 5 per cent. of the bank circulation shall be lodged with the Secretary of the Treasury and kept there to redeem the circulation. Now, suppose that had been in operation during the last panic, fifteen or twenty millions of the circulation of the banks locked up in the Treasury: would not the effect have been to aggravate the panic?

Mr. TAPPEN. I think not. The 5 per cent. of legal-tenders you refer to would not, I presume, be allowed as a part of the legal reserve of the banks. The effect would probably be to compel the banks to conduct their business in a more conservative manner, and thus render panics less likely to occur.

Mr. MITCHELL. In the condition of the banks at the commencement of the late panic, would they not have felt it a little hard to have had fifteen or twenty millions of their currency locked up where they could not use it to pay their debts with?

Mr. TAPPEN. That may be. It is always unpleasant and inconvenient not to have money to pay one's debts.

Mr. MERRIAM. Let me ask whether it would really have made no difference in the panic if this had occurred, the fact being that it would not have effected the power of the banks over their legal-tender reserves?

Mr. TAPPEN. I do not see how it would have made any difference. There were large amounts of bank-notes in New York. The trouble was in the large reduction of the legal-tender reserve below the minimum limit.

The CHAIRMAN. I presume you hardly contemplate coin as the actual currency of our country, but rather as a basis of the currency. What would you contemplate as the superstructure to that basis?

Mr. TAPPEN. No, sir; bank-notes and deposits convertible into coin.

The CHAIRMAN. What kind of bank-notes do you mean?

Mr. TAPPEN. With regard to bank-note circulation, I should prefer the present national system to that of the State-bank system, inasmuch as the former secures the bank-note with the best security known, and it is circulated without question in all parts of the country.

The CHAIRMAN. Then you would not contemplate any change in the currency itself?

Mr. TAPPEN. No, sir.

Mr. PHELPS. If the law was so changed as to make it possible for you every day at 3 o'clock to send your bank-notes, as soon as you could assort them, into the subtreasury, and get the exchange for legal-tenders, would not you be apt to do it every day?

Mr. TAPPEN. Certainly; we would send them in every day for exchange.

Mr. PHELPS. There is, then, as far as the banks are concerned, a value in the legal-tenders above that of the national-bank notes, so that the exchange is desirable for the banks?

Mr. TAPPEN. Yes. It is made so, however, by statute.

Mr. PHELPS. There would, then, be that difference in the value, so far as the banks are concerned, practically, which would make it safe for us to issue as many bank-notes as we pleased, provided there was this system of immediate redemption. In other words, could we safely go ahead in issuing bank paper, provided we had first secured it as bank-notes are now secured, with the provision of giving the banks the opportunity of immediate redemption through the subtreasury into legal-tenders?

Mr. TAPPEN. Any practical and thorough system of redemption would certainly be desirable, and the system proposed, I think, will meet the case; but at the same time with free banking, on our present basis, I believe we would have great expansion of bank credits.

Mr. PHELPS. The banks would eagerly make the exchange, so far as they are concerned, but the people of the country would not seek any exchange.

Mr. TAPPEN. No, sir; I do not think the people recognize any difference between the two currencies.

Mr. PHELPS. The practical question is whether we can safely remove the restrictions on the issue of bank-notes.

Mr. TAPPEN. Not under our present system, based upon irredeemable paper money. With a return to specie payments, all restriction on banking might be removed. The circulation would then regulate itself.

Mr. PHELPS. Can you think of any other way by which we could have a radical departure from the present system of legislation, and make that difference in value between legal-tenders and bank-notes, so that the people would desire to make the exchange whenever money was plenty, so that we could safely remove the restriction from the issue of bank-notes?

Mr. TAPPEN. I could suggest no measure.

Mr. PHELPS. If we were to take away that element which exists in the legal-tender character of bank-notes, so far as the banks are concerned, would not that make a difference between the two classes of paper, so as to stimulate redemption?

Mr. TAPPEN. It would undoubtedly lessen the statutory value of the bank-note, and so stimulate redemption; but I do not believe the people generally know the partial legal-tender character of this kind of paper.

Mr. PHELPS. Recognizing the artificial character of our paper money, if we could in any way make it elastic, we should be glad to do it. What we want to know is whether any plan can be adopted for such elasticity which would require you, as a national-bank officer, not too much risk in attempting.

Mr. TAPPEN. As I have before stated, the very first element of an elastic currency is prompt redemption. Could a perfect system be inaugurated, I can see no risk in carrying it out; on the contrary, I think great good would result from it. But there must also be elasticity in that other and larger currency, bank deposits. This we certainly cannot have with a fixed basis of irredeemable legal-tender paper.

Mr. PHELPS. We assume here that the banks and rich men can take care of themselves. What we are looking for is to give the best currency to the scattered, remote population in the West and South where they have no credit.

Mr. TAPPEN. Should a bank be started to-morrow in the far West or South, its issues of bank-notes would not have a local circulation. The notes would go to that section of the country which is a creditor. What the West and South need is capital. They would then get their share of currency, no matter where or by whom issued.

Mr. FARWELL. Is there any means you can think of by which we can check the redundancy of the currency?

Mr. TAPPEN. With redemption in coin, there should be no artificial restrictions. Banking then should be absolutely free.

Mr. FARWELL. Your argument seems to apply precisely as well to a gold currency as to paper. It would be easy for you gentlemen in New York to retire your national-bank notes and get legal-tenders. That would reduce the volume of currency. But your conclusions do not appear to be based upon your statements.

Mr. TAPPEN. We must not lose sight of this fact: that we have three species of currency—legal-tender paper, bank-notes, and bank-credits. This last is as much currency as the others, and, in discussing the subject of currencies, must be considered.

The CHAIRMAN. Why do you say that?

Mr. TAPPEN. Because it performs the same office in United States currency or bank-notes. By far the largest portion of the transfers of property or merchandise is made by bank credits or deposits.

The CHAIRMAN. We have had a statement before us of this sort: For instance, I want a discount at your bank, \$100,000. The discount is given, and the amount placed to my credit, but with the tacit understanding that I am not to draw exceeding sixty or seventy thousand dollars of it, and that the rest is to remain there until my paper matures, when the paper, deposit, and everything else disappears.

Mr. TAPPEN. I cannot accept that statement as correct. I do not believe there is any such understanding in any well-conducted bank. The cash deposits of merchants in banks are their cash reserves, and are essential to the safe and proper management of their business.

Mr. FARWELL. Do you think, if the restriction on the issue of paper is taken off, and this plan of redemption is adopted, the tendency to expansion would be more than the antidote of resumption?

Mr. TAPPEN. I think it would, though we have no actual experience on this point upon which to base an opinion. Under our present system practical redemption ought to be instituted and tried before we resort to free banking, and the consequent issue of more paper money.

Mr. DURHAM. You state that the bank-notes, in your judgment, were a better currency than greenbacks, and yet you state that the banks would redeem them in greenbacks if they had the opportunity.

Mr. TAPPEN. I intended to say that they were a better currency for the country, inasmuch as with redemption they would be elastic—a feature the greenbacks cannot possess.

Mr. MERRIAM. You assume if one currency is better than another the people will exchange for and hold the best. Now, if you resume specie payments with \$200,000,000 of specie in the country, what would prevent the people from absorbing the entire amount with three or four hundred millions of greenbacks in the country, and preventing your maintaining resumption a day?

Mr. TAPPEN. On a resumption of specie payments of course the premium on gold would have disappeared. There would then be no object in demanding coin except for export; no such amount of legal-tender paper could or would possibly be presented.

Mr. MERRIAM. One of the gentlemen here stated his belief that \$500,000,000 were hoarded in the country.

Mr. TAPPEN. That statement is very much exaggerated.

Mr. MERRIAM. Did not the call which your national banks made upon the Secretary of the Treasury to issue his \$44,000,000 reserve indicate that you had need for more national-bank currency?

Mr. TAPPEN. There was no such call made by the banks in New York. I happened to be at the Fifth Avenue Hotel on the Sunday morning the President and Secretary of the Treasury were there. I believe I was the only bank-officer. There were many gentlemen present who were very emphatic in their opinion that the \$44,000,000 should in some way be issued; but I remarked that the most of these gentlemen were more or less interested in the stock-market. The banks, as a body, did not urge anything of the kind, and did not wish it to be done.

Mr. MERRIAM. Did not the pooling on the part of the banks of their assets give them power to issue practically an additional amount of currency?

Mr. TAPPEN. No, sir; I think not.

Mr. MERRIAM. If you had had an amount of currency equal to the amount of certificates issued by you, under your pooling arrangement, would you not have paid it out?

Mr. TAPPEN. Certainly. It should be understood that these certificates were issued to replace the legal-tenders withdrawn from us by those who feared our solvency. There was really no scarcity of currency in the country, but want of confidence and general distrust. Then currency was hoarded.

The CHAIRMAN. What kind of business developed the greatest weakness in the time of the panic?

Mr. TAPPEN. The stock exchange and railroad securities generally. The merchants, as a class, were sound.

The CHAIRMAN. The reports showed that during the last fiscal year our importations were greater than in any previous year since the foundation of the Government. Do you think they were in excess, and that that had anything to do with causing the panic?

Mr. TAPPEN. Our importations were excessive, and, in my opinion, were so from the defects in our system of finance. The people were made extravagant by excessive issues of irredeemable paper money, but I do not think the excessive importations were the direct cause of the panic.

The CHAIRMAN. You were chairman of the clearing-house loan committee during the panic, and you issued certificates of the clearing-house, which were understood throughout the country to bear the character of currency?

Mr. TAPPEN. The loan certificates to which you refer were issued on the pledge of bills receivable and other bank assets; mostly, however, on bills receivable. The total amount issued was \$26,500,000.

Mr. MERRIAM. What margin did you require?

Mr. TAPPEN. Not less than 25 per cent. in any case—from that to 40 or 50—the margin depending entirely on our estimate of the value of the securities deposited.

Mr. MERRIAM. These certificates were issued and passed into circulation, and were, as I understand, the equivalent of currency?

Mr. TAPPEN. No, sir; they were issued as a *substitute* for currency which had been withdrawn from bank and hoarded. It was not an inflation. The certificates did not enter into the general circulation of the country. Their use was entirely local, and only for settlement of balances at the clearing-house. As fast as confidence was restored and currency came out of hoards into circulation, the certificates were retired and canceled.

Mr. MERRIAM. State whether there were any artificial and extraordinary withdrawals of currency, either by combinations of parties or from fear, or from some cause which unduly contracts the amount of currency in the country.

Mr. TAPPEN. I do not think there was any combination to lock up currency. The hoarding proceeded from distrust, and of course there was undue contraction.

Mr. MERRIAM. To meet just such a contingency as that, would your remedy be a return to specie payments?

Mr. TAPPEN. I do not pretend that with specie payments in this or any other country panics will not occur; panics are the result of overtrading, and the waste or destruction of capital. It is worthy of note, however, that they are always preceded by excessive issues of paper money or expansion of bank-credits.

Mr. MERRIAM. And when they do occur, are you under the impression that the best way is to stand still and wait till it is over, as in the case of an earthquake, or can steps be taken for its relief?

Mr. TAPPEN. Steps may always be taken for measures of relief. In England the "privy council" suspends the "bank act," having no such government organization here with similar powers, we were obliged to take the law into our own hands and virtually suspend the law with reference to the legal reserves and discounts. This was unavoidable. Our legal-tender notes had been withdrawn by timid depositors, and we were obliged to have some substitute in which to transact our business. In England they do not issue what we call loan-certificates, but the limit of issues by the Bank of England is suspended, and bank-notes or bank-credits issued on pledge of securities or discount of bills. The result is that the sharp contraction of loans ceases, and the banks have the means with which to discount, as was the case here as soon as we issued certificates.

Mr. MERRIAM. Do you think there is any remedy that we can adopt which will relieve or prevent panics caused by the artificial locking up of currency?

Mr. TAPPEN. I do not think there is, if you refer to legal-tender paper. It is perfectly feasible at certain times "to corner" the money-market, as the amount of legal-tender notes is fixed by law. It has been done frequently, and will in all probability be done again. During the late panic the purchase by the Treasury of \$10,000,000 bonds afforded little or no relief; the money did not go into banks or general circulation, but was hoarded.

Mr. MERRIAM. But when they stopped purchasing, a renewal of the panic and an increase of consternation was the consequence.

Mr. TAPPEN. You must bear in mind that the New York banks held very few bonds, and therefore had no means of procuring money from the Treasury. The savings-banks were the large sellers of bonds at that time, and hoarded the currency they obtained for them.

Mr. MERRIAM. Suppose you had had 3 per cent. certificates in your possession at that time; would they have afforded relief by putting them into circulation?

Mr. TAPPEN. We should have been forced to pay them out or present them for redemption precisely as we were obliged to convert our "legal-tender certificates" into greenbacks. Of these we held just before the panic upward of \$20,000,000. They were reduced during the panic to about \$2,000,000.

Mr. MERRIAM. Suppose you had in your possession paper which was convertible at pleasure into currency, and which in the mean time was bearing a small rate of interest, could not you issue it to advantage on such an occasion either to stop or prevent a panic?

Mr. TAPPEN. I fail to see what difference that would make; in other words, I presume you mean that instead of plain legal-tenders we should hold as a portion of our reserves 3.65 per cent. notes. This would not stop or prevent a panic.

Mr. MERRIAM. Suppose you had 6 per cent. or 5 per cent. bonds in your possession, by the conversion of which you could receive such an amount of currency as the occasion required; would not the knowledge of the fact that you had an unlimited reserve behind you stop at once a demand for currency and put an end to the panic?

Mr. TAPPEN. No doubt it would; but it would not be profitable banking to place any more of our means into Government bonds. The legitimate business of a bank is to discount bills and lend on securities.

Mr. MERRIAM. Did not the very existence in England of the power of the bank to increase its volume of currency to an unlimited extent instantly stop a panic?

Mr. TAPPEN. The temporary removal of the restrictions on bank-issues in England and the consequent power to discount and expand in times of panic has had the same effect as with us during our late panic. When we authorized the issue of an unlimited amount of loan-certificates, the panic was instantly stopped.

Mr. MITCHELL. We have now about \$400,000,000 of greenbacks. Could you give us any idea as to what amount of bank-circulation could be issued with free banking?

Mr. TAPPEN. I could not.

Mr. MITCHELL. Could there be more than the redeeming agent of greenbacks?

Mr. TAPPEN. It would be impossible to state.

Mr. MITCHELL. Do you regard as dangerous the experiment to issue an unlimited amount of inconvertible paper, or convertible into another kind of inconvertible money?

Mr. TAPPEN. I do, most decidedly.

Mr. MITCHELL. During the late panic your banks paid out no currency; they simply paid certificates of the clearing-house. Do you regard that as no expansion?

Mr. TAPPEN. The banks *did* pay currency, but in many instances only on checks, for small amounts. Loan-certificates did not enter into general circulation as currency. They were only used for clearing-house purposes. In reality they were simply loans *by* the banks, which carried the certificates to the banks to which they were issued to pay their debit balances at the clearing-house, and being used as a substitute for an equal amount of currency withdrawn and hoarded; consequently there was no expansion.

Mr. MITCHELL. Are you aware of the existence in England of a similar kind of paper, called cross-checks, which are payable only through the clearing-house?

Mr. TAPPEN. "Crossed checks," I believe, are simply checks on a bank or banker, payable only through the clearing-house. There is no similarity between them and loan-certificates.

Mr. FARWELL. Will you explain the difference between substituting a like amount of one character of paper for an increase of the same character?

Mr. TAPPEN. Just prior to the panic we held in New York about \$35,000,000 legal-tenders. The distrust which the panic occasioned, not only in the city but all over the country, produced a general withdrawal of deposits, and our legal-tender reserve was drawn from us and hoarded in tin boxes, vaults, and the pockets of the people. We were thus deprived of the means of paying our obligations, or of a medium with which to settle our clearing-house business. The certificates were thereupon issued to take the place of the hoarded currency. As the currency returned, the certificates were retired and canceled.

Mr. HAWLEY. You regard the present basis of our currency unsound. Is there any way of building up a sound currency on the present basis? Suppose, for instance, we expand the currency now to the extent of \$75,000,000. Would the effect of such a law be to retard the resumption of specie payments for many years?

Mr. TAPPEN. I think our present basis, irredeemable paper, unsound. No sound financial system can be built upon it. The issue of any more paper money of any kind would not only retard specie payments, but, in my opinion, would be a step toward repudiation and bankruptcy.

Mr. FARWELL. Can you explain how the currency of the United States is to be in excess, with the restriction we now have of requiring \$115 of capital to issue \$90 of currency?

Mr. TAPPEN. I believe the currency is now in excess. Any further increase would de-

pend upon the supposed profits of banking in the locality where the currency was to be issued.

Mr. FARWELL. Do you think an increase amounting to expansion would take place under that system?

Mr. TAPPEN. I do. I think any system of banking founded on irredeemable paper money is unsound and vicious.

Mr. FARWELL. Our currency is based upon bonds worth in the market to-day 117. To enable banks to expand, they must furnish \$117 in order to get \$90 to expand with.

Mr. TAPPEN. The result is an expansion, if the currency is issued. It is the conversion of debt into currency, just as the discount of a note is its conversion into another sort of currency, bank-credit.

Mr. FARWELL. Let me ask you your opinion as to the probable amount of national bonds held in this country, besides those in the Treasury, for the security of bank-notes.

Mr. TAPPEN. It is impossible to state with any degree of accuracy. Probably from three to five hundred millions.

Mr. MERRIAM. Do you think it would be easy to buy \$100,000,000 of bonds in this country?

Mr. TAPPEN. I do not, without advancing the price materially.

The CHAIRMAN. How long would it require you to collect \$10,000,000 of bonds in Wall street?

Mr. TAPPEN. I could not say. An order for such a large amount would, of course, require a long time to execute.

Mr. MERRIAM. Will not that fact prevent any danger from free banking?

Mr. TAPPEN. No; I think not. The entire West and South are not going to rush into free banking. The formation of banks would be gradual.

Mr. MERRIAM. Please tell us whether, in your opinion, we can commence our progress toward a specie basis at this time, and, if not, when can we safely begin, and what is the operation?

Mr. TAPPEN. I think we should begin at once to place ourselves upon a specie basis. We can do this with just as much safety now as at any other time: the gradual and systematic funding of the legal-tender paper into bonds, or their absorption into the Treasury by an excess of revenue over expenditures. This process of contraction would bring our paper money on a par with gold. It, however, should be gradual, this contraction.

Mr. MERRIAM. There is, however, no excess.

Mr. TAPPEN. Then I would make an excess, either by an increase of taxation or a more economical administration of the Government.

The CHAIRMAN. In regard to the first plan, how much currency would you retire each month?

Mr. TAPPEN. Not to exceed \$1,000,000 per month. With this policy in actual operation, I would not object to the issue, if they were called for, of bank-notes, not to exceed the amount of legal-tenders retired.

Mr. DURHAM. At what rate of interest would you fund our greenbacks?

Mr. TAPPEN. I would say at a rate not to exceed 5 per cent.

Mr. MERRIAM. You have alluded to the dangers of irredeemable paper. Is it not a fact that almost all the panics that have occurred have been when we were on a specie basis?

Mr. TAPPEN. That is true, but it is also true all panics, even when we have been upon a specie basis, have been preceded, without an exception, by a large increase of the bank-note circulation, an expansion of bank loans and credits, and a consequent impetus, a stimulus to wild speculation.

Mr. MERRIAM. It was stated yesterday that the profits of our national banks in New York were represented by dividends of 15 per cent. I want to ask you whether that is not an exceptional case; whether the report of the Comptroller of the Currency does not show that, from 1869 to 1872, the dividends of the banks of New York were very much less, and from what source you obtain this information, so as to know whether it is correct or not.

Mr. TAPPEN. The statement made yesterday was not a fair presentation of the facts. The information contained in the report of the Comptroller of the Currency is obtained from sworn statements made by each bank at the regular term of declaring the dividend, whether the dividend be actually declared or not. These returns show not only the dividends declared, but also the net profits of the bank from its organization. The gentleman who made that statement could have made his case much stronger by citing, as an instance of the inordinate profits of banking, the case of the Chemical Bank of New York. This bank, with a capital of \$300,000, pays dividends on that amount of 60 per cent. The statement, however, should be accompanied with another, that the real capital of the bank employed includes the surplus, which, added to the capital, amounts to \$3,000,000. So that the actual profits amount to about 6 per cent.

Mr. HAWLEY. Has not the national-bank business been, perhaps, the most universally profitable business of the country for the last seven years?

Mr. TAPPEN. Banking has been profitable, but relatively no more so than other branches business—more so, perhaps, under our present irredeemable paper-money system than would be the case were we upon a gold basis. Under our present system there have been

more violent fluctuations in the rates of interest. This would give the banks greater opportunities of increasing their profits, though perhaps correspondingly increasing the risk of their business.

Mr. MERRIAM. In your judgment, have the profits of the last ten years been greater than in commercial business?

Mr. TAPPEN. The profits of commercial business are always larger than the profits of banking.

JOHN AUSTIN STEVENS, jr., of New York, formerly and for several years secretary of the Chamber of Commerce of New York, appeared as a delegate of the National Board of Trade, and as also representing the views of the Chamber of Commerce of New York, so far as they were expressed in their debates upon the subject of specie payment this winter, has always been interested in finance, and as a scientific matter it has been his study for twenty years.

The CHAIRMAN. I will propound the same general question to you that I have to others. What in your opinion, if any, are the defects in our present financial system, and how should they be remedied?

Mr. STEVENS. In the first place, our present financial system is defective because of its instability. I do not know whether our circulating medium is large enough or too large; and although I believe it is in excess of the needs of the country, still, I do not know how much it is in excess. The reason of this uncertainty is, that we have departed from the usual standard of value. That, I consider, is its main defeat. I think the difficulty is, first, as to its quantity, and then as to its quality.

The CHAIRMAN. When you speak of quality, let me ask you whether or not you have reference to the source from which it emanates? The currency, you know, consists of legal-tenders and national-bank notes.

Mr. STEVENS. I mean its distance from a true standard of value; its depreciation from a gold standard.

The CHAIRMAN. Would you change its character, and authorize a different source of issue? Would you, for instance, go back to the old State-bank system?

Mr. STEVENS. No, sir. I would not, because we have now a homogeneous currency—one that is equal in all parts of the country. I would make it equal to coin, and convertible into coin at the pleasure of the holder.

The CHAIRMAN. Would you make any other change in the currency than to make it equal to coin and convertible into coin at the option of the holder?

Mr. STEVENS. Not until I had reduced its quantity.

The CHAIRMAN. By what method would you return to specie payment?

Mr. STEVENS. By funding the greenback-issue whenever money is cheap at the commercial and financial centers, and by changing the demand-obligation into a time-obligation; that is, funding it into bonds bearing interest.

The CHAIRMAN. Still, that is not specie payment.

Mr. STEVENS. No, sir; but you approach to specie payment in that way. If our measure of value was not in excess to-day, specie would be at par, or within a fraction of it.

The CHAIRMAN. Then you think that if we were to withdraw from circulation a sufficient portion of our paper currency, and convert it into bonds, and keep that process going on long enough, that would bring specie in to supply the vacuum created?

Mr. STEVENS. When the measure of values is so contracted that we come to the point at which prices in this country will not exceed those on the other side of the water, the specie in this country will flow into the vacuum, and we shall then be able to resume specie payment.

The CHAIRMAN. Are not prices in this country identical with the rate of labor in the country, and when labor is cheap do not prices come down?

Mr. STEVENS. I do not think that necessarily follows.

The CHAIRMAN. Is not the price of labor the basis upon which all other prices rest?

Mr. STEVENS. It is; but labor brings different prices at different times.

The CHAIRMAN. But when you give labor the other price in a particular industry, does not the price of the goods produced in that industry conform to the price paid for the labor in producing them?

Mr. STEVENS. Yes, sir; but the law of supply and demand must not be forgotten.

The CHAIRMAN. You have said that when prices come down to the level of what they are in Europe, then we shall be able to resume specie payment. When the price of labor rises in Europe, does it not have the same effect of increasing the prices of the goods produced that it has in this country?

Mr. STEVENS. Undoubtedly; but always subject to the law of supply and demand already alluded to. A general rise in labor will certainly cause an advance in prices.

The CHAIRMAN. What, in your opinion, does the value of gold depend on?

Mr. STEVENS. Upon the labor used in its production, and the uses to which it is applied by universal consent as the standard of values.

The CHAIRMAN. If you employ labor at 5 cents a day, your price would be very different from what it would be if you employed it at \$5 a day, would it not?

Mr. STEVENS. It would; but you may overproduce other articles than gold, while gold cannot be overproduced; its price regulates all other prices, and it is always in demand.

The CHAIRMAN. That is because the laws of different countries make it carry a fixed and artificial value?

Mr. STEVENS. No, sir. Gold has been accepted from all time as the standard of value; and it will always bring its price, and its precise price, in every market.

The CHAIRMAN. And that would make no difference even if it were demonetized all over the world, would it?

Mr. STEVENS. That would make a difference, were it possible.

The CHAIRMAN. Then what would gold be worth?

Mr. STEVENS. Nothing, except for its uses in the arts.

The CHAIRMAN. Your idea is that we must reduce prices by diminishing the volume of currency until we bring the prices down to what they are in Europe, and then you say gold will flow in until we are upon a specie basis?

Mr. STEVENS. Yes, sir. You may continue the process as long as you do not permit the balance of trade to be against us.

The CHAIRMAN. A great many of you gentlemen tell us that specie payment is the panacea for all our material derangements. Why do you not adopt specie as your basis, and transact all your business upon it, and treat the bank-notes and the legal-tender notes as uncurrent?

Mr. STEVENS. A very large mass of transactions do not permit of arrangements beforehand.

The CHAIRMAN. But business disregards all law. The laws of commerce and trade are paramount to all legislation, and simply laugh at it.

Mr. STEVENS. I do not think that is true, for legislation may substitute something for real money.

Mr. FARWELL. How does the usury law affect the rate of interest in your State?

Mr. STEVENS. I think the usury laws and all other restrictions prevent capital from flowing freely in the community where such restrictions are placed, and raise the rate of money.

The CHAIRMAN. You use the word money?

Mr. STEVENS. I cannot accept the idea that debt is money in any form. Debt is not money, a bond is not money, and a greenback is not money; they are only the representatives of money to the extent of your legislation.

The CHAIRMAN. Do they and have they not constantly, on the Pacific coast, conducted all their commercial operations upon a specie basis, leaving the Government to use its currency in collecting its revenues and in the payment of its dues, and all beyond that remains as current funds in the hands of the brokers? Is not that absolutely so?

Mr. STEVENS. I do not know. I suppose that that would be the case to a very much greater extent in the Eastern States if you would take off the legal-tender quality from the greenback issue.

The CHAIRMAN. Is it not possible that there is a want among the people of the country that compels the use of the currency that we have, and forbids the attempt to use a specie basis?

Mr. STEVENS. I think it was so at one time, but I do not think it is so now. I think that specie would flow as it now flows in France—very nearly on a par with paper—when we should have taken in one hundred millions of dollars of our paper issues; but I do not think the Government of the United States should undertake a resumption of specie payment until a considerably larger amount of paper than that has been withdrawn. I think the statement is incorrect that the true ratio for resumption is the amount of coin in the Treasury to the Government issues; the true ratio is of the amount of coin in the country to the whole circulating medium.

Mr. FARWELL. Is it not a fact that there is more coin and currency in circulation to-day in France than in the banks?

Mr. STEVENS. It is.

[By the return of the bank of France, made up to the 23d June, 1870, just prior to the German war, the issue of notes was 1,374,024,258, francs, or \$275,000,000, against which there was held in bank a reserve of 1,318,511,076 francs in cash and ingots, (\$265,000,000.) The total circulating medium then consisted of—

Notes of Bank of France.....	\$275,000,000
Coin in bank	265,000,000
Coin in outside holding.....	750,000,000
Total circulating medium.....	1,290,000,000
A proportion of four of metal to one of paper.]	

The CHAIRMAN. Is that in dollars or in francs?

Mr. STEVENS. In dollars.

Mr. MITCHELL. Does not the present condition of things as to our currency tend to banish the precious metals from the country?

Mr. STEVENS. It does; with our present depreciated, because excessive, currency, we buy dear and sell cheap, and must pay our balances in coin.

Mr. MITCHELL. Having a paper circulation which the people are compelled to take, is it reasonable to expect business-men to be able to carry on the domestic business of the country on a specie basis?

Mr. STEVENS. Certainly not; nor would it be possible in any event if paper were in excess.

Mr. MITCHELL. In reference to California, has not gold always been the exclusive circulating medium of that State? And therefore there is no analogy in the condition of California and the States this side of the mountains.

Mr. STEVENS. I so understand it.

Mr. DURHAM. You said you would not recommend a resumption of specie payment except we had withdrawn one hundred millions of paper?

Mr. STEVENS. Yes, sir; but I do not believe in the Treasury Department undertaking to redeem its obligations, even though it had only half the amount of paper out that it has now. It should not undertake to redeem its obligations until the amount of coin in the country is very much larger than it is now and the amount of paper is very much less. I think with the withdrawal of one hundred millions of paper gold would flow into the country.

Mr. MITCHELL. Does it necessarily follow that, if currency was to come back to a specie standard, the wages of our laborers should correspond with those of Europe?

Mr. STEVENS. No, sir.

Mr. MERRIAM. Do I understand that the withdrawal of \$100,000,000 would produce the flowing of gold here, so that we could resume specie payment?

Mr. STEVENS. Yes, sir; there would be practical resumption, because gold would not be above par; but it would still not be safe for the Government to make such resumption legal, because of the insufficiency of coin, until a considerable substitution of coin for paper had been made.

Mr. MERRIAM. What bearing does the fact have upon us that, within the last four years, the increase of population, the increase of immigration, and the increase of the wealth of the country having absorbed one hundred millions additional of our currency, why would not that of itself have the same effect as the withdrawal and cancellation of that amount?

Mr. STEVENS. I include that when I say one hundred millions; that is part of the growing-up process.

The CHAIRMAN. I understand you, then, that specie will be a result, and not a process?

Mr. STEVENS. We will arrive at it by process. I think the country has made up its mind that we are to grow up to our present standard, and I think the least that can be done is to go back to where we were before the panic. If there is to be any favorable time for the withdrawal of the greenback issue or the currency of the country, now is the time, when money is not wanted for legitimate purposes. I think the panic was a very necessary thing. By it we were disabused of the idea that there could not be suspension with paper money. That error is destroyed.

Mr. DURHAM. I suppose you would hardly adopt the maxim that they who do business on borrowed capital ought to break down?

Mr. STEVENS. By no means. I regretted to see investments made in railroads that were not quite needed; and I am sorry to hear from friends in Europe that there are eighty millions held in Holland and in Germany on which there has been a default in the interest.

Mr. FARWELL. With this large foreign indebtedness—national, State, municipal, and personal, and with the balance of trade against, as it has been for some years back—is it possible, under that condition of things, to resume specie payment at all?

Mr. STEVENS. I do not see what relation there is between the amount of our foreign indebtedness and specie payment. I do not believe that the time is ever to come in this country when we shall owe less money abroad than we do now. We must always have a large supply of European capital for our industries, as I trust it may always be so.

Mr. FARWELL. Suppose that we should resume upon a reduced greenback circulation of three hundred millions, and that we had in the country two hundred millions of gold; would it not be in the power of foreign holders to come here and take the gold out of the country?

Mr. STEVENS. I do not think that condition of things is possible. We produce sixty millions of coin in this country annually.

Mr. FARWELL. For ten years past the balance of trade has been very largely against us.

Mr. STEVENS. Yes, sir; until the year just past, 1873, when, I think, there is a difference of \$105,000,000 in our favor. It was sixty millions against us the year before that.

Mr. FARWELL. If our people held this indebtedness we could control the matter; but here is a foreign creditor, who comes here with this indebtedness, and converts it into coin. This would cripple our facilities for resuming at any day. Is not such a thing as that possible?

Mr. STEVENS. I do not think it is. Why did the European holders, almost immediately after the panic, not take the money which the Treasury Department was compelled to pay in coin? Why did they, at the request of the Secretary of the Treasury, take the new fives?

Mr. FARWELL. Suppose the balance is fifty millions a year right along: could specie payment be introduced in that condition of things?

Mr. STEVENS. No, sir.

Mr. DURHAM. I understand your plan to be to contemplate a nullification of this balance of trade by reducing prices in this country to the same as they are in Europe?

Mr. STEVENS. The only way to get the balance of trade in our favor is by arresting our imports.

Mr. FARWELL. Would it not be much better to let the business and population of the country grow up gradually until we reached the point desired?

Mr. STEVENS. I would entirely agree with you, if we had funded all of the forty-four millions that are now out.

The CHAIRMAN. Have you any recommendations to make to the committee, in the shape of a banking bill, for us to recommend to the House?

Mr. STEVENS. This, I presume, alludes to the redemption clause. No, sir; I do not see how there can be any redemption, because I do not see where it is the interest of anybody to call for redemption.

Mr. DURHAM. Do I understand you to say that you want the Treasury to take in the amount of the forty-four millions that is already out?

Mr. STEVENS. Yes, sir; I want to see it funded, because prices are inflated by this increase in the measure of values. The banks are seeking the notes of importers; that is, they are willing to take the notes of importers with four and five months to run at 7 per cent., and probably in a short time they will take them at 6 per cent. This will naturally stimulate imports and turn the balance of trade against us. We have lost already, since 1860, two hundred and twenty millions of coin, and have reduced our stock in the same period one hundred and fifty millions. These figures are taken from the Treasury statements.

Mr. DURHAM. How much coin do you suppose was brought into the country by travelers and immigrants since that time, which the custom-house books do not show?

Mr. STEVENS. I do not take that into consideration. Every one that leaves the country also takes with him one hundred or one hundred and fifty dollars in coin.

Mr. DURHAM. How does the amount of coin taken from the country by persons going to Europe compare with the amount of coin that is brought here by immigrants and others?

Mr. STEVENS. Immigrants generally from other countries than Ireland bring a little coin with them; but the Irish immigrant rarely brings any.

Mr. MERRIAM. It would be fair to offset the amounts brought in by the amounts taken out. It has been estimated that we expend in Europe in traveling, every year, as much as we take from our mines. Have you any idea as to that?

Mr. STEVENS. I have not. But we do not expend it in coin. I do not exactly see the drift of this query.

The CHAIRMAN. Have you any estimates as to the amount of coin there was in the United States, say in 1861?

Mr. STEVENS. I have all the estimates here.

James Pollock, director of the Mint at Philadelphia, estimated the amount of coin in the loyal States, in October, 1861, at.....	\$275 to 300,000,000
Mr. Secretary Chase, in report of December 9, 1861, at.....	275 to 300,000,000
Senaton Morton, in speech, December 16, 1868.....	240,000,000
My own estimate for 1861 is.....	300,000,000

And I prove its correctness as follows:

Accepted estimate of stock of coin in the country, (stock of 1873).....	\$135,000,000
Add exports, 1861 to 1873, by Treasury statement.....	922,000,000

1,057,000,000

Deduct production, 1861 to 1871.....	\$468,000,000
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And imports.....	254,000,000
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722,000,000

Leaves, (stock of 1861)	335,000,000
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Which, allowing for coin at the South, proves the statement of Mr. Pollock to have been inside the mark.

Mr. PHELPS. Is the English system of banking a criterion for banking in this country?

Mr. STEVENS. No, sir; I do not think the reference made to the English system at all pertinent to our state of things. The system of England is that of a practically government bank; that of France is nearly analogous to it. The English government deals directly with the bank; for instance, in the savings-bank; the English government, through its operations with the bank, may very well pay 2½ per cent. interest to the depositor, since it may at any moment it wants it get the coin at the bank.

Mr. PHELPS. Have you examined this bill presented by the Postmaster-General?

Mr. STEVENS. Yes, sir; with great care. While he thinks it would be a desirable thing to protect the laborer in his savings, at the same time he provides no mode in which the money shall be used to raise interest for the Government, and at the same time be at the call of the depositor when he wants it.

The CHAIRMAN. That is a matter that could be easily provided for, is it not?

Mr. STEVENS. I don't see how the Government of the United States can go into banking.

The CHAIRMAN. A little experience would show what percentage it would be necessary to retain to meet the daily calls of depositors. Suppose we were to contrive to change some of our present bonded indebtedness into indebtedness to our small depositors?

Mr. STEVENS. I do not see why the United States Government should bid for the capital of the country. The savings of the poor already invested in savings-banks amount to about \$700,000,000. Of this I do not believe that there are to-day \$50,000,000 in Government securities; and I should like to see some form in which a portion of that should be required to be in Government securities.

The CHAIRMAN. Is it not a matter of paramount importance to give security to the laboring people—the poor widows and that class of folks who have only a small accumulation?

Mr. STEVENS. Undoubtedly.

The CHAIRMAN. We have every year a surplus of coin. We are the sellers of coin. We sold coin last year and realized a premium of \$11,000,000.

Mr. STEVENS. Yes. I do not see upon what right the Government should divert to its own uses the capital already in the savings-banks of the country. A very large part of it is upon bond and mortgage; and for every dollar that would be withdrawn from the present savings-banks for deposit with the Government there would be thrown upon the market some form of security that will have to be taken up otherwise.

The CHAIRMAN. Has not the character of the savings-banks very materially changed from what it has been in the last few years?

Mr. STEVENS. I think it has. The money of our savings-banks is to a great extent loaned to banks; and that, in my opinion, is all wrong.

The CHAIRMAN. The original savings-banks of the country were managed without profit to the managers, were they not?

Mr. STEVENS. Yes, sir. But even the great savings-banks of our country are compelled to make a satisfactory interest on their deposits; they are obliged to loan their money to banks in many cases. I think if the savings-banks were called on to-day by the Government to tell the amount of Government securities held by them, they could not show that they held over sixty millions.

Mr. MITCHELL. What rates of interest do the savings-banks provide for in New York and New England?

Mr. STEVENS. I do not know precisely; 5 to 6 per cent.

Mr. PHELPS. Have they not gone as high as 7 per cent. the last few years?

Mr. STEVENS. Yes, sir.

Mr. MITCHELL. Suppose the Government offered 4 per cent., and those old savings-banks were offering 6, which would the depositor prefer to lend to?

Mr. STEVENS. I think, in a great many cases, the money would go to the Government.

The CHAIRMAN. In the United Kingdom of Great Britain and Ireland there are over three thousand savings-banks, with a balance at a given date, nearly ten years ago, of something over four millions sterling. Might or might not that system be adopted in our large centers of population—not extending it to the sparsely-settled portions of the country—with the same results as in the United Kingdom of Great Britain and Ireland?

Mr. STEVENS. I do not see how the Government is to employ the money and pay it whenever wanted. It has no loan in which it could invest. It would be merely taking the money of the poor to pay its own debt. The British government does not do that.

The CHAIRMAN. Could it not reserve a percentage sufficiently large to cover all demands that would be made? The averages of savings-banks are as well understood as the flow of the tides, a matter reduced to almost a mathematical certainty.

Mr. STEVENS. I think it might be applied; but to make its application desirable is a very different thing. I think that the moment you undertook to pay 4 per cent. the depositor in the savings-bank of any considerable sum, seeing that you were not willing to pay him such a percentage, would prefer either the higher rates of the banks or else purchase the 5 per cent. bonds. They want their money close at home. A word on the general subject of our own and foreign systems of finance: With regard to Great Britain, I think that all the comparisons that have been brought forward are based on false premises. The money-market of Great Britain can always be disturbed by the money-markets of the rest of the continent, Great Britain being the market for the sale of all sorts of securities. The securities of France, Germany, Holland, Spain, and Italy, all find a market under the London Exchange; and the balance of exchange can be turned against her by stock-sales of such securities and the withdrawal of coin. We have no market for such securities; and the only way in which coin can be drawn from this country is by turning the balance of trade against us—the balance of commodities.

The CHAIRMAN. Do I understand you to state the proposition that you think the best interests of this country would be promoted by increasing our foreign indebtedness?

Mr. STEVENS. No, sir; but still I think that our true interest is to get back this last issue of the reserve before it affects our prices again, even if we have to make a loan abroad.

The CHAIRMAN. When capital attains the form that you speak of, then it becomes invested; it adheres to the soil and becomes a part of the freehold. You think there is no business or industry carried on, no insurance, no importing done on foreign capital?

Mr. STEVENS. In industry of course foreign capital goes a great ways.

The CHAIRMAN. You have referred to France. Please state whether there is or not this difference between the condition of things in France and in this country: that there the only surplus of production takes the form of realized capital, while here it takes the form of vested capital.

Mr STEVENS. I do not recognize the distinction. I think that the money earned in France is kept there—spent upon herself. France has very little sympathy with the rest of the world, and its people spend their money at home.

The CHAIRMAN. France has been a wonderfully prosperous country, has it not?

Mr. STEVENS. Yes, sir.

The CHAIRMAN. Would we not do better to take France as our financial study than to take England, as we generally do?

Mr. STEVENS. Yes, sir.

Mr. MITCHELL. Is it not true that there is no banking system in France that amounts to such?

Mr. STEVENS. That is true.

Mr. MITCHELL. Is there not but a very small portion of the business of France done through banks; is it not a very rare thing for a man to have a bank-account in France?

Mr. STEVENS. I would not say that. The people use the banks but little because of the large circulation there. We have seven or eight hundred millions of dollars circulation here. France has nearly twice that amount over a much smaller surface, but her credit system is restricted.

Mr. MITCHELL. The present circulation of the Bank of France is wholly abnormal and about being corrected?

Mr. STEVENS. Yes, sir; the paper is being withdrawn as fast as possible.

Mr. MITCHELL. This question of borrowing abroad, is it not, in your judgment, wise to leave it to the people and let them say whether it is best for them to borrow abroad or not?

Mr. STEVENS. Yes, sir.

Mr. MITCHELL. If I squat on a farm in Iowa, is it not better for me to borrow there than here?

Mr. STEVENS. Yes, sir; and that would be a judicious thing to do if we could do it; but nations, like individuals, generally prefer to borrow where they can borrow cheapest, and any legislation to the contrary is unnatural and unwise.

JAMES B. COLGATE, (No. 47 Wall street, New York,) a dealer in bullion and stocks, and president of the National Gold Exchange, appeared before the committee.

The CHAIRMAN. You have heard the general line of inquiry that has been followed in reference to other gentleman who have favored us with their views, and I beg that you will give us your views upon the same general questions and any other that may occur to you as important.

Mr. COLGATE. The subject has been very fully gone over, but I would like to express myself in opposition to any increase of the currency of the country, for this reason: that it diminishes its purchasable power. For instance, during the recent panic, when money was exceedingly tight, gold fell to about 6 per cent. premium. The purchasable power of a greenback then was about $94\frac{3}{10}$; that is, $94\frac{3}{10}$ of gold was equivalent to one dollar in greenbacks. At the present time, gold being about $111\frac{1}{2}$ premium, the purchasable power of a greenback is about $89\frac{6}{10}$; and this comes, in my opinion, from the probable increase of our currency. Now, apply the same principle to this subject that an individual would apply to his own business; this principle is applicable to two individuals or three individuals composing a firm, and is equally applicable to a whole community or nation, because a nation is but an aggregate of individuals. Our greenbacks are selling at about $89\frac{6}{10}$ on the dollar at the present time: that is equivalent to about $10\frac{4}{10}$ discount. If the notes of a firm or an individual were selling at a discount of 10 per cent., the most desirable thing that that firm or individual could do would be to buy the nearest due paper. If more paper were issued it would sell at a greater discount; and this is precisely the condition we are in just now as a nation. Our paper is selling at a great discount. Should greenbacks be sold instead of gold, this would be very apparent to the whole nation. We have too many greenbacks, and the only way, in my opinion, left to us is to fund them, thereby decreasing their number until their purchasable power equals that of gold. The cost of a greenback is nothing; it is worth just the paper it is printed on; but its value lies in the promise to pay and its legal-tender attribute. What is the value of that promise to pay? The value of that at the present time is $10\frac{1}{2}$ discount as compared with gold, and the way to make it more valuable is to decrease the number of greenbacks, whereby their purchasable power is increased.

The CHAIRMAN. Suppose that the greenback had no other quality in it except a promise to pay indefinite, no time fixed but at the pleasure of the Government, and nobody supposing that it would be paid in gold or anything else under four years, and perhaps not then: do you believe that it would stand as near to coin as it does now?

Mr. COLGATE. If it had not the legal power attached to it, it would sell at a much greater discount as a security. I would give the national-bank notes the preference.

The CHAIRMAN. You think the receiving of them for taxes by the Government does not add anything to their value?

Mr. COLGATE. The legal-tender clause gives them value.

The CHAIRMAN. Do they not answer every purpose in all the domestic exchanges of the country that coin would answer, excepting to pay duties on imports?

Mr. COLGATE. No, sir; because coin is of greater purchasable power than the greenback.

Mr. FARWELL. You say that the greenback has additional value put to it by its being a legal-tender, and if it was not so it would sell like some of our other securities. The national-bank note has not that quality. Why is not that like our other securities?

Mr. COLGATE. Because it is secured by a bond on which the nation is bound to pay interest; that does not attach to a greenback, for it pays no interest. The security of a national-bank note receives interest in gold; it is also secured by the stockholders of the banks.

Mr. FARWELL. Do you not think the security of the greenback is just as good as the other if it was not a legal tender?

Mr. COLGATE. No, sir.

The CHAIRMAN. You have said that the price of gold has advanced from 6 per cent. and a fraction to perhaps $11\frac{1}{2}$ since the panic, which you attribute to the apprehension on the part of the community that the amount of legal-tenders is to be increased. Do you recollect what the premium on gold was just prior to the panic?

Mr. COLGATE. I do not.

The CHAIRMAN. Do you remember what it was along in July last?

Mr. COLGATE. It did rise last year as high as 19.

The CHAIRMAN. What was the occasion of that?

Mr. COLGATE. The apprehension was that there was to be a great scarcity of gold, and a great demand for exportation, and also it was from speculative purposes owing to the great abundance of currency and anticipative scarcity of gold.

The CHAIRMAN. Just prior to the panic, was not the price of gold as high in New York as it is now?

Mr. COLGATE. As money began to tighten gold declined. When the banks suspended there was a temporary advance of gold to 15, payable by checks on suspended banks; but the difference was some 3 or 4 per cent. less at one time by being paid in greenbacks.

Mr. FARWELL. What was the importation of gold in September?

Mr. COLGATE. I do not think there was any.

Mr. FARWELL. About the time that gold fell to $6\frac{1}{8}$?

Mr. COLGATE. The entire import of gold from England during the panic was about \$10,000,000.

The CHAIRMAN. The price of gold, with the exception of a few days in October, both before and after the panic, was quite as high as it is now. Wherefore do you tell us that the rise of gold since October is the result of an apprehension on the part of the people that we are going to issue more greenbacks, and that that was not the cause of its standing the same way before?

Mr. COLGATE. There are many things which have to be taken into this calculation. Money has become exceedingly plenty in the city of New York, and the difficulty of carrying gold is less than it was. When money is very tight and it costs 7 per cent. and sometimes more to carry gold, few feel willing to buy gold in anticipation, when the rate of interest is so much against the buyer. But as money becomes abundant, and it costs less to carry it, it is bought up in anticipation, and especially is this the case when our imports are large and there is a prospect for a demand for gold for export. Gold can be carried now in New York for about 5 per cent. This is very much against the purchaser. Should money become exceedingly plethoric, and there is a prospect for a large importation of goods, importers and speculators would buy gold in anticipation of a rise often incurred by shipments of coin. In the reverse case, gold would naturally decline.

The CHAIRMAN. Are all the operations of gold actual transactions, or is any portion of them speculative?

Mr. COLGATE. Like every other article of merchandise, a great many of the operations are speculative—highly so. Parties at the time do not always anticipate the transfer of coin, but are speculating upon what the rates will be. In the New York Gold Exchange every transaction, except otherwise expressed, is regularly settled through the clearing-house; and if a purchaser has more gold over than he requires, he is compelled to provide for its payment in currency.

Mr. FARWELL. The clearances per day will vary from twenty-two millions up to as high as one hundred and forty, one hundred and fifty, or one hundred and sixty millions. Would they average one hundred millions per day?

Mr. COLGATE. I do not think they would. On very excited occasions they might run as high as one hundred millions.

The CHAIRMAN. The total clearance of the Gold Exchange for 1873 is seventeen billions and three millions, which would average something upward of fifty-six millions a day.

Mr. COLGATE. There is no reason at the present time why gold should be selling at $11\frac{1}{4}$ except the prospect of the issuing of the forty-four millions additional currency.

Mr. MITCHELL. If we put out the forty-four millions permanently, what would be the price of gold?

Mr. COLGATE. I do not think it would rise very much beyond its present price. If it

were not for that forty-four millions, my opinion is that gold would be selling now at from 5 to 6 premium.

Mr. MITCHELL. Suppose there was no speculative dealings in gold: what would be the price of it? Would it not be governed by the rate of exchange?

Mr. COLGATE. There is a vast amount of business which is done in New York in gold. For instance, sales of sugars, coffees, teas, lead, and foreign exchange, &c., are usually made in gold, and importers make very large contracts in gold to cover the sales of merchandise. For instance, a cargo of coffee amounting to \$150,000; the owner will accept an offer for it, provided he can buy gold at such a price, and have it carried thirty days: this gives him thirty days to have that cargo discharged, weighed, collect the bills receivable, and get the paper discounted so as to meet the payment of that amount within thirty days; and any obstruction which is put upon the purchase and the sale of gold is an obstruction put upon commerce. The speculations in gold do not amount to much except on special occasions.

Mr. FARWELL. That refers entirely to foreign commerce?

Mr. COLGATE. Yes, sir.

Mr. MITCHELL. The contracts made in Chicago to be delivered in Europe, are they not made in exchange?

Mr. COLGATE. Yes, sir.

Mr. MITCHELL. This issue of forty-four millions has tended to raise the price of gold, you say, from 6 or 7, up to 11?

Mr. COLGATE. Yes, sir.

The CHAIRMAN. And somehow I do not get your reasons why it was higher before, at, and after the panic than it is now. During the panic our monetary system was much deranged.

Mr. COLGATE. The first foundation was gold, the second was national-bank notes and greenbacks, and the third was suspended banks; and persons would apply in this way: "I wish to purchase \$100,000 in gold" for greenbacks. He would purchase his gold at 3 per cent. less than he paid by check on a suspended bank. And that accounts for the fluctuations in gold at that time. A buyer would pay less for his gold if he paid for it in greenbacks, because greenbacks were selling at 3 per cent. premium. The last panic, if I can understand it, did not arise from any distrust of the Government issues, but it arose purely from distrust in the depositories of money. That is a point which is very seldom alluded to. We had at that time more greenbacks and more national-bank notes than were necessary to carry on the business of the country, if it were not for this fear of the credit of the banks. In other words, the people had no apprehension about the safety of their currency, but they did have apprehension that they might not be able to get it from the banks. I think it was a great mistake on the part of the Secretary of the Treasury, with some sixteen millions of greenbacks in his possession, in time of panic to part with them, when no prudent man would have parted with his, but would have kept them to meet his own debts. If the Secretary had issued one hundred millions of greenbacks at that time, they would have been all taken up, and would have gone into the pockets of individuals. I venture to say that the business of this country can be done for the coming year with one hundred millions of currency less than was required the year previous. There is an impression abroad that an easy money-market is beneficial to the nation. I hold the reverse—that a tight money-market is the greatest benefit to the community, because a tight money-market brings about economy.

The CHAIRMAN. Then everything that would tend to keep the people in a state of poverty and dependence upon their own exertions would be beneficial to the country?

Mr. COLGATE. No, sir. A tight money-market tends to thrift, not poverty. There is a difference between a tight money-market and a stringent money-market. A stringent money-market is when money cannot be obtained, and a tight money-market is when it can be got by paying interest.

Mr. FARWELL. Suppose that the Secretary of the Treasury had deposited in the national depositories the amount of the clearing-house certificates: do you suppose that the panic would have happened at all?

Mr. COLGATE. I give it as my opinion that, if the Secretary of the Treasury, on the day of the failure of Jay Cooke, when he offered his gold for sale, had been equal to the occasion, he would have accepted every bid for gold, and ordered that money to be placed in the Bank of Commerce, or some other large institution, asking of them security. I venture to say that, if he had done so, it would have allayed one-half the panic. As I said before, this panic, I think, is a great national blessing. It might have occurred under a gold basis. We will never come back to specie payment, in my opinion, until we get rid of our greenback currency.

The CHAIRMAN. You say you think the panic was a great national blessing. Were there not a great many people in the United States who, in consequence of the panic, were obliged to go without food?

Mr. COLGATE. It is so reported, and I believe it.

Mr. FARWELL. On the basis that it is a great national blessing, of course you would not advocate that we have one every year?

Mr. COLGATE. No, sir.

The CHAIRMAN. Please tell us in what the extravagance of this nation consisted.

Mr. COLGATE. What is true of an individual is true of many individuals ; and a nation which in the course of seven or eight years lives in such an extravagant manner as to part with their best stocks to cover over balances of trade amounting to a thousand millions of dollars, I look upon as being very extravagant, and opposed to the thrift which we see in France.

The CHAIRMAN. I want you now to specify in what respect the extravagance has manifested itself, in your opinion.

Mr. COLGATE. Every man is extravagant when he lives beyond his income.

Mr. FARWELL. I wish to ask whether specie payment and a healthy condition of the country can be maintained unless the balance of trade is in our favor ?

Mr. COLGATE. After we come back to a thrifty condition we can pay out a large amount of specie, because we take from the earth yearly from seventy to eighty millions of bullion.

Mr. FARWELL. If the balance of trade is still against us, can we maintain specie payment in this country ?

Mr. COLGATE. I do not think we can.

Mr. FARWELL. What, in your opinion, would be the consequence or the result of a law of this kind, taking restriction off from the limit of national-bank notes within an easy method of redeeming ?

Mr. COLGATE. I have no data to go by ; but if I were to give an opinion according to the best of my experience, my impression is it would be a very great benefit to the country.

Mr. FARWELL. In the present condition of suspended circulation you would favor a law of redemption ?

Mr. COLGATE. I would.

WASHINGTON, *January 22, 1874.*

SIR : I take the liberty of addressing you this in the hope of presenting my views on banking, currency, and resumption more tersely, more clearly, and more practically than in the verbal remarks I was recently permitted to make before your committee.

The great impediment in the way of resumption and the proper modification of the national-bank act appears to be the doubts in the public mind in regard to the questions of inflation, the redemption of our paper currencies, and the balance of our trade with foreign nations.

Now, the redemption of one species of currency or money by another can be no remedy for a redundant currency. The substitution of one kind of money for another in no way alters the aggregate amount in circulation ; it only alters the relative amount of each, of which the aggregate amount is composed. The only process by which a circulating medium can be properly and advantageously contracted, when excessive, is by its return to the issuers in liquidation of the indebtedness of the community. Bank-notes and bank-loans are the only form of currencies or circulating medium which can thus be promptly and easily returned to the sources from which they emanate. The precious metals cannot be advantageously returned to the bowels of the earth from whence they have been extracted ; they can only be exported to foreign countries ; and, unfortunately, owing to general ignorance of the true functions of money, this is generally seen with fear, and hence is usually attempted to be checked. Government paper money only returns to the source from whence it emanates by the taxes collected by the Government that issues it ; and in that case it is soon returned into circulation by means of the expenditures of Government.

The only form of redemption really necessary to enhance the usefulness of money or currency of any kind to the community is its daily, hourly, redemption by the community in exchange for useful products and services. It is to this end, to render our paper currency more readily accepted over a greater extent of territory, that resumption of specie payments is necessary. Our legal-tenders and national-bank notes do not circulate in foreign countries, hence need to be converted into the only circulating medium as yet universally accepted—gold and silver—before they can properly perform all the functions of money in our internal operations, which are all more or less interlinked with our foreign trade. The convertibility of our legal-tenders into coin at par will render our paper currencies as invariable in value as the precious metals. When made convertible into coin at par, our paper currencies will circulate on a par with coin in all parts of the country, and will be readily accepted in the Pacific States and in Texas, where they have thus far been refused, in spite of our legal-tender act, on account of their daily fluctuations in value.

It is an error to suppose, as so many do, that to bring up the value of our legal-tenders and national-bank notes they need to be *redeemed* in money of greater value. To render our currencies more useful and of greater value than at present, it is only necessary to render them as useful as gold in all the internal operations of the community. When this result shall be attained, our currencies will be on a par with gold throughout the whole country. But so long as they are refused in payments of duties on foreign imports, and in payment of foreign exchanges and foreign products ; as long as they are not current in the Pacific States and in Texas, it is evident they cannot take the place of gold in a large portion of the internal

operations of the community ; hence cannot be equally valuable with gold, which is, therefore, held at a premium and hoarded until it can be obtained. After resumption, for all the internal operations of the country our currencies will be preferable to coin, because more easily and more economically transported, counted, and verified, and coin will then only be preferred to our currencies when it becomes necessary to obtain foreign products and commodities in excess of the value of our momentary exports of products and commodities. For the internal operations of the country the legal-tenders after resumption will often command a slight premium in exchange for coin, if we limit the issues of legal-tenders, as we should, to \$400,000,000. As to the extent of the foreign demand for coin, the experience of the past, both here and in Europe, renders it almost certain that it cannot exceed, under any possible circumstances, either here or in Europe, \$50,000,000 at any one consecutive period of time, and this will be spread over at least three or four months, during which new supplies will flow in from our mines and from other sources to replace, in whole or in part, the coin exported.

One very important measure that should at once be adopted by Congress is to authorize the coining of silver, and make it a legal tender to any amount at the same relative value to gold as it is at present coined in Europe in the countries that use the two standards of gold and silver ; *i. e.*, in the proportion of 1 to 15½, instead of our present relative legal standards of 1 to 16. By continuing the present relative standard of 1 to 16 we drive silver out of the country, diminish its usefulness and value, and force its exportation even at the very time that we are importing gold from Europe. What can be more absurd than, by erroneous legislation, to force our people to pay the cost of transporting to Europe the silver produced from our mines at the very moment when, if retained here at its value in Europe, it would fulfill all the functions of gold, and save us the trouble and cost of importing the latter from Europe ?

If I am right in my premises, it follows that resumption is an easy process, which will confer great benefits on the entire community, without any serious compensating disadvantages. By passing at once an act that shall make the legal-tenders convertible into coin at par, at the subtreasuries at New York and San Francisco, on and after the 1st January next, and removing all existing restrictions in regard to the issues of national-bank notes against the deposit of United States bonds, and the legal reserves to be held by the national banks, our currencies will be made, on or before that day, equal to gold, without being diminished in quantity, and the currency will become elastic in the only manner in which this desirable result can be properly attained. Thereafter the volume of the currency will mainly depend on the community rather than on the banks, since the latter, from self-interest, will then be led to issue bank-notes and make bank-loans to those who will pay interest for them and furnish undoubted security for their prompt repayment, which means their return to the banks, at a fixed period of time, (which, to all intents and purposes, is the best possible and only necessary redemption of bank liabilities over and above their acceptance by the community in exchange for useful products and services,) at the identical value at which they are issued. This incessant issue of bank-notes and bank-loans, and their redemption by offset against the claims of the banks upon the community, require no coin whatever, and yet the volume of the currency will thereby be daily adjusted to the wants of the community. Surely no system of regulating the currency can be simpler or more efficacious.

After resumption the liability of the banks being made by law redeemable in legal-tenders, the reserves voluntarily held by the banks from self-interest and prudence will consist in legal-tenders, thus creating a constant demand for them so long as the issues are limited by law to \$400,000,000. And the greater part of the entire stock of coin in the country can then be concentrated at the only two points where it will be needed or useful—at New York and San Francisco—instead of being divided among our innumerable national banks, as would be necessary were they forced by law to redeem their liability in coin ; and the legal-tenders presented for redemption in coin can be promptly re-issued in the disbursements of the Government, thus preventing their long withdrawal from active circulation or from the reserves of the banks. There is every probability that the average aggregate bank-reserves voluntarily held by the national banks will be fully equal to, if not greater than, those now held in consequence of the law ; but, being available to the banks in moments of emergency, they will not then, as now, be the cause of the diminution or of the entire cessation of bank-issues, or bank-notes and bank-loans, to the great injury of the most legitimate interests of the country.

The 1st of January, 1875, is probably, at present, the best possible period of time for resumption, as it will give ample time to every one to make the preparation deemed necessary to guard against the possible effects of the transition from an inconvertible currency, daily fluctuating in value, to a convertible currency of unalterable value, and yet not so far distant as to unduly prolong the serious evils our present inconvertible currency inflicts on the community. At that period of the year our exports of agricultural products are more than sufficient to liquidate our maturing foreign indebtedness, so that we can then count on an absence of a foreign drain of coin, which might alarm the timid and doubtful in regard to our ability to maintain specie payments, and thus render resumption less easy. The moment Congress positively fixes the time when legal-tenders shall be convertible into coin the premium on gold will inevitably begin to decline, and will gradually approach par, which

will probably be reached some time before the day fixed for resumption, in consequence of the growing desire of the holders of gold to realize the premium before it finally disappears. In England resumption was ordered by an act of Parliament to take place in 1823, but gold was at par in 1820, before the bank resumed, and the Bank of England voluntarily resumed on the 1st of May, 1821. Similar results must occur here the moment the day of resumption is fixed by an act of Congress.

It is a great error to suppose, as many persons do, that we need \$200,000,000 or more of coin to resume and successfully maintain specie payments. The moment legal-tenders become convertible into coin in New York and San Francisco, they will become identical with our present gold-certificates, except that, being smaller in the amounts they represent, they will render far greater services than the gold-certificates now render, and will be preferred to coin for all the internal operations of the community. After resumption it will only be when coin has to be shipped to foreign countries that legal-tenders will be presented to any extent for conversion into coin.

There is no foundation for the supposition that either our capitalists or speculators or foreign bondholders will ever find it possible and to their interest to present legal-tenders for conversion into coin to any considerable extent. After resumption no large amount of legal-tenders can be withdrawn from circulation or from the bank reserves without rendering money so scarce and high that it will be more profitable to employ it in the purchase of commodities and securities than in holding coin, which produces nothing to the holders so long as it will not in the future be salable at a premium. After resumption brokers will not purchase coin even at par, for they cannot then hope to resell it at any premium so long as it can be obtained at par at the subtreasuries. Foreigners cannot force us to purchase their commodities, nor the American securities they hold, unless we find it to our advantage to do so, and have the means of paying for them without deranging our own finances, industry, and commerce. We and not foreigners control our purchases of all kinds as well as our sales. International exchanges are self-regulating, and need no restrictions whatever from any other source than individual self-interest. We cannot be forced to purchase and pay for what we do not need or desire, nor to sell or part with what we do need or desire. The custom-house returns do not indicate the real monetary balance of international trade. Nothing truly indicates this but the current rate of the foreign exchanges and the exports or imports of coin. The imports of every commercial nation of the globe exceed its exports, and yet the exchanges and exports of coin conclusively prove that large exports of coin are not often necessary to liquidate these adverse balances of trade, which are more apparent than real, due to the fact that the custom-house returns do not present all the elements which enter into the natural exchanges of the world, and that they are generally adjusted in some other manner than by transfers of coin. Coin is rarely used in international trade, except when a nation suddenly needs an unexpected amount of anything indispensable, like food after bad harvests. The imports of Great Britain, as a rule, very largely exceed her exports. It is only the exports of semi-barbarous nations that exceed their imports, and this result, instead of being advantageous and an evidence of prosperity, indicates the contrary. The people of those countries part with a greater amount of useful products than they receive, and hence their foreign trade impoverishes instead of enriching them. Surely this is not a result to be desired. Even if the balance be paid to them in coin, the latter cannot render them the same services as useful commodities, which coin must seek and be an exchange for before it becomes really useful to its owners. There can surely be no cause for alarm when we receive from foreign nations more useful products and commodities than we send to them.

We can, therefore, successfully maintain specie payments even in the face of an apparent adverse balance of trade, only we must not attempt to resume at any period of the year when we usually export coin for lack of surplus products and commodities, because prudence requires that resumption shall not be rendered more difficult by taking place when we have a foreign demand for coin. But the transition from suspension to resumption once passed, we need not fear any possible foreign demand for coin, which is greatly exaggerated. We can at all times sustain specie payments full as easily as Great Britain, for our products are eagerly sought by all the nations of the globe, to whom our surplus cotton, breadstuffs, provisions, tobacco, petroleum, and innumerable other products are absolutely indispensable. Resumption will increase our exports by reducing the cost of production of everything useful as well as the cost of exchanging the results of labor. Gold and silver, as a rule, do not move from the mines toward the countries where the rate of interest is high, but, on the contrary, toward those where the rate of interest rules low, because it is in the latter where the coin-reserves of the world can be most economically held until needed to transfer products and commodities. But the precious metals invariably move from their reservoirs toward those points where useful commodities are low when needed, whatever be the rates of interest current at the points whence they are moved or at those to which they are transferred. These well-established facts are a perfect refutation of the erroneous theory that the Bank of England successfully maintains specie payments by her incessant variations in the rate of discount. These variations only distress and disturb and hence diminish the productive industries and the foreign commerce of Great Britain, the sole means by which she can attract the precious metals to her shores. Resumption will enable us to balance our foreign trade with a less amount of coin than during suspension; and instead of forcing us to use and re-

turn on hand a larger amount of coin than during suspension, will permit us to dispense with it entirely in our internal operations, to the great benefit of the whole community, and to the loss of none but the gold dealers and speculators, who, however, can easily find other occupations more profitable to the community, if not to themselves.

Very respectfully, your obedient servant,

CHAS. MORAN.

Hon. HORACE MAYNARD,
*Chairman of the Committee on Banking and
 Currency of the House of Representatives.*

WASHINGTON, D. C., January 23, 1874.

HENRY P. KIDDER, of the firm of Kidder & Peabody, bankers, Boston, appeared, on the invitation of the committee, and in response to the general question as to the defects in our financial system and the remedies therefor, made the following statement:

Our business is mostly in foreign exchange, and I have been asked to give such facts as come from our peculiar stand-point, which may be a little different from some of the views you have heard expressed. I suppose everybody understands that all business and finance are based primarily upon credit. It has seemed to me that the amount of circulation of the country bears little proportion to the amount of business that is done. Credit is the largest part. The basis of the business of foreign countries is gold; therefore we are at great disadvantage with all the world in not being on a specie basis. Then, I suppose, the question what shall be done with our currency to bring it safely to the specie standard is the most important question. It seems to me there is no cause whatever for inflation. On the other hand, it seems that there is no great occasion for an immediate decrease of the currency. The fact that there has been inflation is shown in the prices now as comparing with prices a few years ago, when the business of the country was conducted with not more than one-half as much money as now. It seems to me, therefore, that the volume of currency is larger than absolutely necessary or safe, looking to the time when we are to return to the specie basis, and that if we can, by a gradual process, make the country and world understand that we mean to go back to the specie basis, by the withdrawal of a certain amount of currency during that period of the year when money is easy, that is what we ought to do. Confidence would be gradually restored, and we should, by a natural process, bring our notes back to the same standard as specie. Whenever we begin on that operation our credit will be restored, and there will be use for really less coin than there is now, because now we are all the time keeping it in motion. If any of you will look at the amount of settlements in the New York Exchange, you will see that the absolute amounts paid in the shape of balances bear very little proportion to the amount of transactions. Why? Because we have all credit in each other. I think another thing that might be done to assist in restoring confidence would be to establish a rule that the banks should be obliged to redeem their bills. The national banks, now all over the country, have issued their bills, and they very rarely see them again, and never expect to see them, and perhaps prefer not to see them. If banks understand that they are obliged to redeem with greenbacks, it would operate as a check upon the speculation which now occurs under our excessive amount of currency. Credit is what is wanted, more, it seems to me, than increase of currency.

The CHAIRMAN. You have expressed the opinion that there is a redundancy of currency in the country. I wish you would give us an opinion upon the state of facts we meet with in the South. A considerable portion of the cotton-crop has been actually lost in consequence of the impossibility of getting money to gather it. Will you give us your opinion of the reason of that deficiency, when there is a superabundance of money in the country?

Mr. KIDDER. I do not believe that has occurred in any other season. It has happened so this season because of the stringency which occurred in the panic. But it is not a thing which would occur every year, nor when money was flowing in its ordinary channels. As a matter of fact, when the panic began to be felt in New York, money flowed in from the South and West until the stringency occurred, and then the currency flowed back again.

The CHAIRMAN. In my section of country the complaint is not that the currency is below par, but that they cannot get currency. Let me ask you, on the subject of your business in foreign exchanges, how much time your transactions generally consume.

Mr. KIDDER. They may be done in a moment. We often telegraph to London in the afternoon, and the next morning the matter is consummated. Ordinarily our exchanges are in the shape of sixty-day bills on London.

The CHAIRMAN. When you loan money on credit, how long is it before the borrower brings the transaction to a close?

Mr. KIDDER. There is no specified time. For instance, when we give bills of exchange to persons going to China, they are always good for a year.

The CHAIRMAN. What proportion of your business is in the nature of call-loans, and what in the nature of time-loans?

Mr. KIDDER. We do very little call-loan business.

The CHAIRMAN. Do you know enough of the business transactions of the city of Boston to state how long bank-paper has generally to run?

Mr. KIDDER. My impression is from thirty to ninety days.

Mr. HUNTER. You say that in Boston you do your business largely upon credit and confidence. Now, in the West and in the rural districts people cannot do their business in that way; they have to do it by passing money from one to another. Do you suppose there is money enough in the country to enable people to transact their business in that way?

Mr. KIDDER. I think so. I have very large interests in the West, but I cannot in my own mind divest one section from the other in that regard.

Mr. DURHAM. I understood you to say that you would require the national banks to redeem their notes in specie.

Mr. KIDDER. No; in greenbacks.

Mr. DURHAM. Would you have everything put upon a greenback basis?

Mr. KIDDER. That is in my mind.

Mr. DURHAM. The Secretary has issued a part of the \$44,000,000 reserve. You think that should be returned?

Mr. KIDDER. I think so decidedly.

Mr. DURHAM. You recommend now a contraction of the currency to take place to that extent?

Mr. KIDDER. I do, certainly. One means of accomplishing it would be to sell again the bonds that were purchased during the panic.

Mr. DURHAM. A proposition was introduced into the House yesterday to make \$400,000,000 greenbacks the basis of our currency. Is that in your judgment too much?

Mr. KIDDER. I think it is in addition to the national-bank currency authorized. I think the effect of it is very similar to what would have been several years ago if we had fixed \$800,000,000 as a basis.

Mr. FARWELL. Suppose that was a method of redemption, like the one presented by Mr. Merriam requiring the national banks to deposit in the Treasury of the United States 5 per cent. for the redemption of their notes, which should be received by the Treasury Department, and greenbacks issued in place of them: would \$400,000,000 be too much, then?

Mr. KIDDER. I think it would not be needed then.

Mr. FARWELL. Suppose we should take off the limit in respect to bank-currency, and allow banking to be free in that respect, accompanied with the method of redemption to which I have referred: would not this redemption, in your judgment, limit the amount of money in circulation?

Mr. KIDDER. I think it would increase it.

The CHAIRMAN. Do you think there is any danger in unrestricted banking—allowing every man to establish a bank wherever he pleases under our present system?

Mr. KIDDER. Yes; I believe there would be great danger.

The CHAIRMAN. Do you believe a man would go into banking with bonds for which he had to pay \$117 or \$118 before he could issue \$90 currency unless he could make something very considerable by it?

Mr. KIDDER. The credit they would obtain by having the power of issuance, it seems to me, would be a very bad thing.

The CHAIRMAN. We hear frequently of men engaged in national banking voluntarily retiring from the business and giving up their franchises.

Mr. KIDDER. I do not think it is often done where they can issue currency. I do not know whether you have in mind the charter which I have surrendered for a gold bank.

Mr. MERRIAM. We have petitions from various banks, asking permission to surrender their currency.

Mr. KIDDER. I am not perfectly conversant with these facts, and was not aware of what you state.

Mr. MERRIAM. You have alluded to reduction of prices as having a tendency not to require so much currency to do business. From what data do you assume there has been a reduction of prices?

Mr. KIDDER. Any one acquainted with business can understand that prices are lower to-day than they were a year ago; for instance, sugar is now at about the same price as before the war.

Mr. MERRIAM. How in regard to coffee and cotton?

Mr. KIDDER. Coffee and cotton are higher.

Mr. MERRIAM. Is it not a fact that our production of gold since 1848 has advanced the prices throughout the world, and that we can never hope to get our prices down to what they were before 1848?

Mr. KIDDER. I have no such dream as that, but I think we can get a part of the way down, and be upon a safer and better basis than now, particularly if our plans are so arranged that we all go at once and are all affected alike. It would prevent that wild speculation which is calculated at any time to bring on panics and commercial crises; which stimulates the building of a great many more railroads than there is any actual need of. The railroads built years ago in the country nearly all turned out profitable, and encouraged

new enterprises many years beyond the wants of the country, and which have been during the last autumn brought to grief. I do not know how many millions of bonds defaulted last January.

Mr. MERRIAM. Do you regard the construction of these railroads as wild speculation in the ordinary use of the term?

Mr. KIDDER. I do so regard them.

Mr. MERRIAM. You regard them as of the same character as Law's Mississippi scheme and the South Sea bubble, and other enterprises of that nature?

KIDDER. Not so bad as these, but of the same general nature.

JOHN E. GANO, publisher and financial editor of the Cincinnati Commercial, appeared, on the invitation of the committee, and, in response to their general question as to any defects in our present financial system and the remedy therefor, made the following statement:

I am not very skilled in finance, but I have been giving this subject a good deal of attention since the organization of the Cincinnati Board of Trade. At its first meeting, in 1868, I presented a plan which seemed to me to be a possible remedy for the existing and acknowledged evils; and although I have bothered my head with a great many plans since that time, I do not know of any other which seems to me more likely to reach a successful solution of the difficulties, if it is possible to get back to specie payments, as I think we shall all agree it certainly is. In the first place, I should not consider any plan as likely to be successful if in its operation it shall come into collision with the business machinery of the country. Any plan adopted must be exceedingly simple, so that the business of the country will adjust itself without producing any jar. In that view I presented a plan at the late meeting of the National Board of Trade, which is actually applicable to our fractional currency, and in reference to which I think very nearly the same course should be introduced. I would say in regard to the peculiarity of our finances that there are so many, if I may use the expression, concentric wheels in the machinery of commerce and finance, that it is impossible to have them all running and then suddenly change their motion without revulsion and disaster. Men who are simply theorizing on this subject may be upset continually with the infinite variety of arguments that are presented. Now, the plan to which I have referred is that Congress should, at a certain date ahead, declare that no note should be a legal tender for less than \$5; and, at a certain date still further ahead, no note should be a legal tender of less denomination than \$10; at a certain other date, less than \$20; further on less than \$50 and \$100, and so on. That puts the Government in process of resumption. These notes having to be redeemed, will naturally appreciate to the gold standard, so that all the business of the country will begin to adjust itself. One particularly desirable thing accomplished will be that the values in the community will begin to be adjusted to the specie level. These notes being redeemable, the national banks will necessarily bring out their small notes. If any one will examine his pocket-book, he will see now that probably 75 per cent. of the small notes are legal-tenders. I am pretty sure that is the case in all the leading cities.

The CHAIRMAN. Do you know whether the national banks have issued any considerable number of notes of less than \$5?

Mr. GANO. The report of the Comptroller of the Treasury will show exactly what has been done in that regard. I have not the statistics at hand.

Mr. HAWLEY. Is not that fact partly accounted for in the fact that the banks, being compelled to keep their reserves in legal-tenders, would naturally select, for counting out their reserves, notes of larger denominations?

Mr. GANO. That would undoubtedly account for it in part. The Government of course would have to provide itself with coin by such process as may be considered most desirable in order to be ready to redeem its notes. The question will come up as to what shall be done to provide small notes for currency as these small notes are being retired. How shall the vacuum be filled as these notes come in and are redeemed? And there will occur in the same connection the question, in regard to which there is much difference of opinion, as to whether the currency should consist of legal-tenders or national-bank notes, or both, as at present. My idea is that, as this plan shall proceed in its operation, national banking shall be made free on a gold basis, and that the national banks should be allowed to issue gold-notes, as legal-tenders are canceled, until the national-bank notes shall become the only currency; that, if it should be thought best to have the entire issue of greenbacks, the Treasury of course will issue dollar for dollar gold-notes as the legal-tenders are canceled. One great object to be accomplished would be to get the country onto a specie basis without saying a word about contraction, and allow such contraction as may be necessary to accrue under the administration of business and not under the administration of law. I would simply adjust the business machinery to the financial machinery of the country in such a way as to make it solve its own problem. I cannot regard it as possible to proceed in any other way, except to go on with the free issue of money until it shall become worthless, and in the revulsion that occurs money based upon gold shall be substituted as a matter of necessity.

In presenting this proposition in regard to national-bank currency, Mr. Stevenson sup-

plemented it with a proposition that the fractional currency, of which now there is an excess, should be contracted to the extent of \$10,000,000. If that should be done, it would apply principally to the fifty-cent pieces. I think the experience of all business men will show that the fifty-cent pieces are very largely supplanting the dollar notes. I have here a letter written by Mr. Stevenson, which has never been published, in which there are some interesting facts which I think the committee will be glad to hear.

[Mr. Gano here read from a printed slip the statement referred to.]

The CHAIRMAN. Now, be good enough to tell us in what way you would remedy the defects of our financial system. Explain your plan.

Mr. GANO. The operation would be to begin with the redemption of a certain amount of fractional currency and to substitute therefor legal-tenders, so that the amount may be reduced to conform with what the Secretary himself suggests. In the operation of substitution there is another point, I think, it will be very interesting for you to know. The redemption of the currency under the present system is very rapid. It would be a good plan to begin by redeeming and canceling ten-cent pieces as they come into the Treasury, the operation being all the time to send to Washington the mutilated and worn fractional currency and get new in the place of it. There is another fact in connection with our currency which I think is an interesting one, relating to the amount of currency which is always *in transitu*, and which has the effect, to a really considerable extent, of reducing the amount of currency in circulation.

The CHAIRMAN. Your proposition to substitute for our present fractional currency silver coin I presented one day to the Secretary of the Treasury, who immediately inquired where the Treasury was to get the silver coin for circulation in place of the fractional currency. What answer would you give to that question?

Mr. GANO. He would have to provide himself by purchase or by exchange of gold for silver in such way as he can. The production of the country in the precious metals is very large, and most of it now goes out of the country. The Government would have to purchase bullion and coin; and of course such a thing as this would have to be gradual, and some preparatory steps must first be taken.

The CHAIRMAN. The Government is at present burdened by an amount of taxation which is still not equal to the revenues required. Would you impose additional taxation or negotiate an additional loan?

Mr. GANO. In our condition of affairs just this period would not be regarded as a favorable time to commence the process, but it is to be hoped that before very long the Government will come into a better condition. The great object to be obtained is to work the machinery of finance so as to appreciate our currency as rapidly as possible to the specie standard.

The CHAIRMAN. Suppose the Secretary of the Treasury were to retire the ten and fifteen cent fractional currency: do you think the small coin in silver would flow in and fill up the vacuum without any inconvenience to the business of the country?

Mr. GANO. I think it would if the premium was not too large. If the premium on silver is not above 7 per cent., silver would remain in circulation. You will remember that in 1843, when there was scarcity of fractional currency, there was a substitute by individuals themselves, for temporary convenience, and perhaps this would occur again.

The CHAIRMAN. Do you think it would be an improvement on our currency to substitute shinplasters in place of the Government issues we have now?

Mr. GANO. No; I only mention it to show that, whenever this occurs, there will have to be a strain, and that the people will resort to something to help themselves while the operation is going on.

Mr. MERRIAM. If you withdraw the ten and fifteen cent fractional currency you say it can be replaced by silver coin when the premium is less than 7 per cent. The premium on gold is now very considerably above 7 per cent., and it is useless, therefore, to talk of withdrawing this currency and substituting silver at present, because the silver would not remain in circulation, not even the amount paid out in the \$5 resumption experiment of the present Secretary.

Mr. GANO. That is true. I only mentioned the individual credits to which I referred to illustrate the fact that trade will make its own machinery if compelled to do it.

Mr. MERRIAM. Would you suggest the withdrawal of the ten-cent fractional currency before the general resumption?

Mr. GANO. I think it would be a very desirable thing even now.

Mr. MERRIAM. Would it not be better to give the people what they demand? They are satisfied with the present issue; and would it not be better to give them what they regard as most desirable, especially as the Government gets the benefit of the loan of \$40,000,000 from the people without paying any interest?

Mr. GANO. According to the statement of the Secretary of the Treasury, we are now considerably above the requirements of the country in our issues of fractional currency, which are running up very rapidly. If the committee will allow me, I desire to present one additional suggestion. During the panic it seemed to me exceedingly desirable to consider the effect of the process of the exchanges of the country, by which so much currency is kept *in transitu* and entirely out of circulation. I think it will be practicable to effect a system of

exchanges between the leading commercial centers of the country which should correspond to the exchanges through the clearing-house in New York and other large cities.

Mr. MERRIAM. Have you any estimate as to what amount of currency is kept out of circulation *in transitu*?

Mr. GANO. It would be very difficult to ascertain that fact. I have heard it estimated as high as \$25,000,000.

Mr. MERRIAM. Your point is that this amounts to the hoarding of so much currency?

Mr. GANO. Yes; and there is also a point I want to suggest, that the establishment of such a system of exchange as I have referred to would be a great saving of risk as well as of wear to the currency.

Mr. MITCHELL. You speak of *in transitu* as being out of circulation. Is not currency in the pockets of people and in the vaults of banks out of circulation?

Mr. GANO. There is no doubt about that, but they are nevertheless performing the office of circulation.

Mr. MITCHELL. You do not mean that money in a person's pocket is in circulation?

Mr. GANO. In one sense it is. When a bank has made a discount, the discount itself has performed the function of putting currency into circulation.

Mr. MITCHELL. As a matter of fact, is not the currency in the pocket, in the banks, and *in transitu* all discharging the function of circulation?

Mr. GANO. To a certain extent, perhaps, it is.

LYNCHBURGH, January 21, 1874.

MY DEAR SIR: I find it will be impracticable to appear in person before your committee at any day. I therefore inclose a written statement of the views which occur to me on the subject, invoking for them from yourself and the committee such attention as the subject discussed is entitled to. I write from a railway-station. My home hereafter will be Norfolk, Va.

I am, most respectfully, your obedient servant,

R. W. HUGHES.

Hon. HORACE MAYNARD.

A PAPER ON BANKING, CURRENCY, AND FINANCE, SUBMITTED BY R. W. HUGHES, OF VIRGINIA.

Hon. HORACE MAYNARD, *Chairman, &c.*

DEAR SIR: The enormous foreign and domestic indebtedness of this country, its immeasurable and varied resources, its advantageous position for trade with the great eastern and western populations of the other hemisphere, its restless population, full of exaggerated hope and dauntless enterprise, its late civil war ending in triumph and confidence, but leaving stupendous financial results, all produce a state of things in banking, finance, and commerce wholly without example, and calculated to tax the financial statesmanship of the nation to a degree altogether unprecedented. In every way is our situation new and extraordinary. We have no experiences to go by in our anomalous situation, and, as a natural consequence, the statesmanship of the country finds itself baffled on the whole subject of finance.

EFFECT HERE OF SHORT CROPS IN GREAT BRITAIN.

At the close of the late English harvest it was found that an extraordinary importation of grain would be required for British and Irish consumption. The English financiers at once began to prepare for the unusual demand upon their resources. The effect in this country was immediate and almost electric. Our rickety system of credit, which rested upon the contingency of easy money-markets abroad, was shaken to its foundation. Not even did the project of an immense exportation of produce give relief. Our whole commercial and financial system was stricken with paralysis, and although our material wealth was greater than ever before, our financial condition became deplorable in the extreme.

THE ENGLISH CURTAILMENT CLOSED OUR AMERICAN BANKS.

The British grain-crop was found to be short by some 100,000,000 bushels. The discovery of it cut off the demand for our bonds of all kinds, and put up the rate of interest in England. The effect began here with the great railroad houses of Jay Cooke & Co., Fisk & Hatch, Henry Clews & Co., and Howes & Macy, and threw upon all a demand for payments due abroad. Our banks were driven to the necessity of curtailing, in consequence of

the run upon their resources. at the rate of 4 to 1 in cities, and 6 to 1 in towns. Then came certified checks, hoarding of currency, and general suspension and panic. The common impression is that the short crop in England acted merely as an aggravation of our pressure. It was more; it was the cause of it.

Our system of banks is so organized that the loss of any dollar of their reserve fund from any extraordinary cause, forces a curtailment of four to six dollars in their discounts; so that if any accident of trade occurs to draw off a few millions of their funds, their doors have to be slammed against all the borrowers in the land, and their reserves, instead of being available for the mitigation of a money-pressure, become the very means of intensifying it. Another vice of the system is that their loans are in great part made on call instead of on business time-paper; so that in periods of crises, pressure is speedily converted into panic. Thus it may be that such a contingency as a short crop of grain in Western Europe, which ought naturally to strengthen our financial condition, can close every bank, and paralyze the best industries in the land.

WHY THE CURRENCY IS NECESSARILY DEPRECIATED.

I am not competent to review the general subject of our financial situation. I must confine what I have to say to the single subject of the currency.

It is not strange that the currency should be depreciated, even after seven years of remorseless contraction. It would be marvelous if it were not.

Of the prodigious mass of American debts, with which the home and foreign money-markets are loaded, there are \$2,200,000,000 of the Government debentures of the United States. All this national debt is payable in gold, except some three hundred and fifty millions of paper, which is in the hands of the people as money.

The natural result of so enormous a supply of debt upon the money-markets would be the depreciation of the whole mass. But the credit of the National Government is good; and its promise to pay gold, as to seventeen hundred and fifty millions of its bonded debt, overcomes the effect of redundant supply, and puts its bonds upon a par with gold. But there is no such promise in behalf of the national paper, which is in the hands of the people as money. The Government makes no promise to pay gold for this currency. It even refuses to take it in payment of all dues accruing to itself from the people. The law of supply and demand, operating upon the redundant supply of Government paper, is concentrated in its effect upon the paper, which circulates as money; and this currency yields to the power of an inexorable law of trade. It would be a miracle if it did not. It does so without reference to the contraction or inflation of this part of the general mass of the Government obligations. To be effectual, the contraction should be considerable and general enough to affect the whole mass of Government bonds in all markets, and not be confined to the one-sixth part circulation as money at home. So long as the Government has anything like twenty-two hundred millions of paper obligations outstanding in markets already plethoric with American securities, that part of the mass which it does not promise to pay in gold must be depreciated. It is not in the power of contraction to bring this latter sort of paper to the value of gold. While even so small a quantity as a hundred thousand dollars of this irredeemable paper is outstanding, it will remain depreciated so long as measures are not taken to counteract the effect upon it of that law of supply and demand which depreciates the price of every article too abundant in the market.

I repeat, the only sort of contraction which can materially reform the price of this circulation would be a large and sweeping contraction of the whole mass of the Government debt of every form; and I think I might safely add that the contraction would have to embrace all sorts of American debts in all markets at home and abroad. While the general mass remains unsubstantially affected in amount, I do not believe that the judicious addition of one hundred millions to the small part which circulates as currency would of itself sensibly affect its value compared with gold.

WHAT ARE THE DISORDERS OF THE CURRENCY?

There are several complaints of the currency. To the objection that it is unequal to gold is added another, that it circulates in such a manner as to be easily engrossed and taken out of general use by combination of speculating capitalists. It is so uniformly valuable throughout the country, it is so *mobilized*, that it can be readily concentrated in great centers of speculation, there to be employed in the wild gambling of stock-boards rather than in the legitimate business of merchandise and trade.

Our ante-war paper-currency had not this general circulation; it was a local currency. Its tendency was always and strongly homeward to the localities of issue. It was a very defective currency, and I hope it may never be restored; but it had at least the merit, by its home-staying habits, of serving the local communities for whose use it was issued, and could not be monopolized for speculating purposes by powerful and reckless operators in the great centers of business and speculation.

THE REAL PROBLEMS OF THE HOUR.

How to bring the currency to the value of gold ; how to prevent its undue concentration in special localities ; how to confine its employment approximately to the legitimate operations of trade, and how to render it available for the mitigation of financial pressure, when it occurs, seem to me to be the imperious problems of the hour. To arrive at specie payments, with a circulation fairly distributed over the country, current everywhere, and available to business men for their legitimate enterprises, at fair rates of interest, as well in times of financial crisis as of ease, seems to me to be the desideratum of the times.

THE COMPLAINTS AND SUGGESTIONS OF ALL CLASSES SHOULD BE HEARD.

I make no pretensions to a special familiarity with these subjects. I am neither a professional merchant nor banker, but I had the advantage, before the war, of being a director, for seven years, of banks in Richmond, Va., in association with the late James Caskie, of that city, one of the clearest minds and ablest financiers this country ever knew. I should not presume to enter this debate, on a subject so intensely occupying the public mind, if the bankers, merchants, and great financiers of the country had not had their way with the currency for ten years, and had not signally failed in bringing it to a specie standard. The remedies which they proposed, and to which they have held the country so long, have secured to the bankers and great capitalists an average interest of 12 per cent. for all that period, which has been wrung from the necessities and distresses of the people in the name of specie payments ; and as yet we are as far from specie payments as ever. It is time that the ideas of the general public were elicited on this subject of universal concern, and that the suggestions of all classes should be contributed to the common stock of thought. I have no nostrum for the currency to insist upon ; no pet measure of remedy or reform to urge. I propose to present ideas and make suggestions which seem to me important, and that is all.

CONTRACTION A FAILURE.

The great financial authorities of the country have insisted that *contraction* was the remedy for the depreciated currency—contraction of the greenback debt of the National Government alone, and not of the general national debt, or of the general paper debt of the whole country. They have applied this measure with remorseless vigor for a long series of years. I am neither an advocate of contraction nor of inflation applied merely to the paper currency, because I know that neither policy can materially affect the relative value of paper and gold. The amount of paper money afloat is certainly one of a dozen or more conditions on which specie payments depend ; but it is only one of them. There are other conditions more controlling ; and the distressing experience which we have had with contraction will, I trust, drive us to other experiments and to a better policy. “Many of our wisest measures of finance,” says Lord Overstone, “have originated, not in the unprompted suggestions of forecast, but in the necessity of applying a remedy to evils, the nature of which we have learned to understand only by feeling their effects.”

SPECIE PAYMENTS AS FAR OFF AS EVER.

Everybody in the land desires that all our money shall be of the same value. But although gold has commanded in the last half year a smaller premium than it has done for many years, we all feel that specie payments are still beyond reach through any measures yet tried for bringing them about.

PRICES ARE NOT DEPENDENT UPON THE VOLUME OF CIRCULATION.

The method by which the bankers, merchants, and high financial authorities have insisted upon restoring specie payments has been by contracting the volume of the currency. They have vehemently and arbitrarily insisted upon “contraction, pure and simple, without artifice or indirection.” They have assumed dogmatically that the cause of the gold premium has been the redundancy merely of the currency—of this form alone of the prodigious mass of our paper securities. They have assumed, again, that by contracting the currency alone it would be made to rise in value, and become and remain equivalent to gold.

A MOST COSTLY AND DISASTROUS EXPERIENCE

has proved both those ideas to be fallacious. Facts show it. On the first of May, 1865, the total circulation of the country, made up of legal-tenders, postal and fractional currency, one and two year 5 per cent. notes, compound-interest notes, and national-bank notes, was \$807,218,190 ; and the premium on gold was 28½ cents. On the 1st of August, 1869, after

eleven States had been added to the area of circulation, the total amount of the currency, after deducting the reserves held by the banks, was \$646,000,000, and the premium on gold had risen to 33½ cents. Thus, in spite of a contraction to the amount of \$160,000,000, and the addition of eleven States to the Union, there had been *an advance* of 5 cents in the gold premium. We have now carried

THE PROCRUSTEAN POLICY OF CONTRACTION

one hundred millions of dollars further, at the expense of destroying the greatest houses, crushing the most flourishing enterprises, and turning out of employment the best classes of skilled workmen in the country, and we still have a difference of 7 to 11 cents between gold and currency to overcome, which is as hard to surmount, in our enfeebled condition, as the 33 cents seemed to be in 1869. During the past three months the currency has been diminished possibly one-half by hoarding, and yet the gold premium has gone up, notwithstanding, from 7 to 10 or 11 cents. Mere contraction is plainly not the process by which to bring about specie payments.

As the premium on gold depends, in great part, on the export demand for it, it is indeed true that contraction may be carried to such an extreme as to paralyze importations, and thus bring gold into a fictitious equivalency with the currency; but nobody wants specie payments at the cost of ruin to the foreign trade and domestic business of the country. The public have been enduring that sort of treatment for the alleged disease of inflation for some time, and the universal cry in the agony of suffering is, "Let us have the disease rather than the remedy."

CONTRACTION PARALYZES INDUSTRY MORE THAN IT AFFECTS PRICES.

The most grievous evil of contraction consists in its taking effect chiefly upon the unmercantile districts and classes of the country. Wherever the facilities of credit exist in their highest perfection, as in New York and the large cities, there, in the form of checks, clearing-houses, and the like machinery of finance, substitutes are found for actual money. It is only in the interior districts and among the industrial classes that money itself is indispensable to business. Contraction, therefore, is a policy which oppresses and may destroy production, while having little effect in the great markets where prices are fixed and regulated. Nothing is more true and usual than the recurrence of great fluctuations of prices while the volume of the currency is undergoing little or no change.

ENGLISH EXPERIENCE CONDEMNS CONTRACTION.

Lord Ashburton, in his pamphlet on the "Financial and Commercial Crisis," published in 1847, deprecated the policy of contracting the currency, chiefly because of its effect upon the industrial interests of the country. He denied that its volume affected prices; and he denied that the amount of paper money in circulation had had any influence in England upon the export or price of specie. He said:

"The comparative moderate drain of bullion is from a known cause, a want of food, and not from any overissue of bank-paper; and, above all, we should recollect how greatly we aggravate our difficulties by so cramping our circulation as to disturb those ordinary sources of our industry by which alone the supposed adverse balance with our foreign customers can be set right. * * * Should we be afflicted with a second year of famine, the gold must go over for food, whatever may be the consequences; but nothing more absurd could be proposed than to obstruct all trade by withdrawing the means by which to circulate it as a mode of meeting those difficulties which the active condition of that trade can alone enable us to support."

WHAT CONTRACTION HAS DONE HERE.

The dogged application of the policy of contraction here has advanced the rate of interest everywhere to a figure which no profit can pay. It has deprived the most solvent houses of the means of meeting their legitimate engagements; it has caused a universal reduction of prices, and thus baffled the calculations of the most prudent men; it has reduced wealthy merchants to the condition of paupers; it has deprived manufacturers of the means of executing their orders, throwing thousands of industrious people out of employment; it has forced our people to sell large amounts of produce and merchandise at less than the prime cost, entailing grievous national loss; it has stopped the progress of many useful public works, and destroyed confidence and credit among the classes where they are essential to enterprise and success. The ruinous workings of this

MISCHIEVOUS POLICY OF CONTRACTION

and its disastrous failure in this country have been so thoroughly depicted by Hon. William D. Kelley, of Philadelphia, in recent publications, that nothing more is left to be said by me on the subject.

Reason teaches that

CONTRACTING THE PAPER CIRCULATION DOES NOT CHEAPEN GOLD.

Contracting the amount of paper money contracts and makes dearer all money, including gold, so far as gold continues to be money. Where there are two kinds of money, not made equivalent by law, the value of each kind depends upon the special causes affecting itself, and does not depend upon the circumstance of the quantity of the other kind in circulation. During a suspension of specie payments paper and gold are released from mutual dependence in their respective values, and each rises or falls by virtue of separate causes especially affecting itself. Gold ceases then to be a part of the home currency, and becomes a mere commodity of commerce. Its value then comes to depend, in great part, upon the causes which increase or lessen the demand for it for exportation, and these causes have very little necessary connection with the home-value of paper currency.

On the other hand, as paper money cannot be used abroad, its value depends upon causes operating at home, which are distinct from those affecting the value of gold. It is only indirectly that the causes which affect the value of home-staying paper money also affect that of exportable gold. Redundancy in the currency does indeed tend to produce overtrading, thereby creating a foreign balance against the country, increasing the demand for gold for exportation, and enhancing its value. But such an effect is indirect, and does not change the fact that the values of gold and currency, in periods of suspension, are affected by separate causes, and cannot be forced into equivalency by any arbitrary process applied to one of them alone.

MERE INFLATION DOES NOT INCREASE PRICES.

The premium on gold, during suspension, has been proved by Thomas Tooke, in his *History of Prices*, and by others, not to depend upon the amount of paper currency in circulation, provided that the currency shall have been issued in amount and manner based upon the business transactions of the community. Whenever the receivers of it, in receiving it, contract the obligation to return it in due time with interest to the issuers, then the quantity of paper issued adjusts itself to the actual wants of the community. Then there is no vicious inflation of the currency as such, and its value is not affected by nor does it affect the value of gold. Then the demand for it equals the supply and prevents the evil of inflation.

Mr. Tooke, after an elaborate examination of the prices of leading articles of the English market for the period from 1793 to 1837, concludes that the changes in them were to be wholly accounted for by circumstances affecting supply and consumption, and not by the condition of either the paper or the general circulation. He further concludes that whatever variations occurred in the circulation during the period referred to were the consequence, rather than the cause, of changes of prices. He said, in 1832, under oath before a committee of Parliament:

"In point of fact, and historically, as far as my researches have gone, in every single instance of a rise or fall of prices, the rise or fall has preceded, and could not therefore have been the effect of an enlargement of the bank circulation."

It has been the experience in England that the highest inflation in the prices of the leading articles of trade has occurred when the currency was undergoing contraction. And during the wild speculation in railroad shares, which, in September, 1845, reached the enormous aggregate of \$2,500,000,000, the circulation of all the British and Irish banks was not greater than it had been in 1840, and was then undergoing a decided contraction. (*London Quarterly Review*, vol. 81, pp. 253-255.)

I deny that inflation is the disease of the currency, curable by contraction. If you apply a remedy effective only for a disease which does not exist, you are apt to do precisely what contraction has been doing for the country; you are apt to kill the patient.

THE PRESENT DISEASE OF THE CURRENCY IS NOT INFLATION.

I have no fine-spun argument to adduce on the subject. I rely upon two homely practical facts: First. The people are hoarding our paper money; and in all the history of demand and supply the phenomenon was never known of an article being hoarded which was too abundant. Second. The currency has commanded all over the Union, for several years, an average interest of 1 per cent. a month on first-class bankable paper, which is double its proper value on loan. If these facts do not prove that the currency is not inflated, there can

be no such thing as demonstrating a commercial problem. There are theorists, it is true, who insist that inflated currencies command high interest; but I insist, *per contra*, that such currencies are never hoarded. High prices may indeed sometimes occur in glutted markets, but the cases are exceptional, and do not impair the general truth that high prices result from limited supply. Facts confirm the assertion.

Exclusive of bank-reserves and Treasury-balances, we have only about \$600,000,000 of paper money in circulation. Is that too much? Is it enough for the business wants of this country?

Mr. Calhoun, who always spoke after exhaustive research and reflection, in one of his great speeches on the subtreasury, in 1837, said:

"The currency of a country is to the community what blood is to the human system. It constitutes a small part, but it circulates through every portion, and is indispensable to all the functions of life. * * * What that proportion is has not been and perhaps cannot be accurately ascertained, as it is probably subject to considerable variations. It is, however, probably between 25 and 35 to 1 of the aggregate capital of the community. I shall assume it to be 30 to 1." (Vol. III of Works, p. 115.)

If 30 to 1 be the approximate ratio between a country's aggregate property and the circulation, then \$600,000,000 is not an inflated amount of currency for the United States. The census of 1870 gives the property of the Union at thirty thousand million dollars, (\$30,068,518,507.) This was nearly double what it had been in 1860. So that we may safely estimate the aggregate value of all property for 1874 at thirty-six thousand millions. At the rate of 30 to 1, this would call for a circulation of \$1,200,000,000 for the United States. If we include bank-deposits in what is termed currency, which are about six hundred millions, we have only twelve hundred millions of currency in a condition of things demanding twelve hundred millions. And, if we leave a fourth of the bank-deposits out of account, as representing only credit-entries, and not substitutes for currency in the form of checks and drafts, there is shown a deficiency in the volume of the currency of the Union of \$200,000,000. In view of these data, and of the long-continued prevalence of as high a rate of interest as 1 per cent. a month on the best commercial paper, *it cannot rationally be contended that the currency is inflated.*

If inflation be not,

WHAT IS THE DISEASE OF THE CURRENCY?

May it not arise from the manner in which the currency has been issued, and in which it is maintained in circulation? There are two modes of using paper money: First. That of the banks in the way of loans, to be returned after a time. Second. That which was practiced by the Government in paying away paper of its own make for services rendered, purchases made, and debts variously due.

THE ENGLISH METHOD OF ISSUING CURRENCY.

The currency of England which circulated throughout the long period of suspension from 1797 to 1819, was issued and maintained in circulation in the first of these modes, through the agency of the Bank of England and some other banking institutions. There was some depreciation of paper money and some inflation of prices; but when we contemplate in the light of our own recent experience the smallness of that depreciation compared with that which has characterized our own currency for ten years, it is impossible not to conclude that there *was something* in the manner of issuing and maintaining the English circulation that prevented its depreciation. The principle on which it was issued and kept outstanding was that of maintaining an equilibrium between the out-go and the return of the money, between the *efflux* and the *reflux* of the currency.

THE AMERICAN METHOD OF ISSUING IT.

This principle is wholly lost sight of when Government undertakes to supply a currency to the country by paying it away in discharge of demands upon its Treasury. Every dollar thus issued tends *pro tanto* to inflation. Under the first of these modes of issue injurious inflation is as difficult as under the other it is facile. Under the first mode the amount put in circulation is regulated by the business wants of the community, and represents actual business transactions. It is sure to be in demand to the amount put forth, for repayment of the loans for which it was borrowed. There may be overtrading and overbanking, with attendant evil consequences, but there is no inflation of the currency as such, a demand being provided for it equal to the whole volume in circulation capable of preventing any injurious depreciation.

EVILS OF THE VICIOUS SYSTEM OF CIRCULATION.

Very different is the condition of a paper currency arbitrarily issued by Government. Such a circulation *does not* represent the business transactions of business men. There is

no reflux demand provided in the act of issuing it. If there should be no prospect of a cessation of issues, it soon falls into hopeless depreciation. The confederate government speedily ruined its finances by this method of issuing the currency. Had the war lasted a year or two longer the same catastrophe would have overtaken the national finances.

A PROPERLY ISSUED CURRENCY ADJUSTS ITSELF TO THE PRACTICAL WANTS OF THE COUNTRY.

It is scarcely possible for a currency issued in the way last described to be sound and stable. Its amount is determined, not by the wants or conveniences of business, but by the arbitrary will and judgment, often by the necessities, of government. Trade is a better gauge of the proper volume of the currency than the discretion of any government, however wise, just, or able. The wants of the great public, measured by actual transactions of business and regulated by the habitual caution of experienced bankers, are apt to affix a safer limit to the amount of paper money than the most studious discretion of a financial minister.

THE EXPERIENCE OF ENGLAND ON THIS SUBJECT.

Mr. Fullarton, in his work on the Regulation of Currencies, has the following reflections on the subject, (pp. 65 to 68 :)

"The case which I have supposed is precisely that of every government which attempts to defray the national expenditure by a compulsory issue of inconvertible paper. The paper so issued is expended in the purchase of naval and military stores, in building ships, in constructing edifices, and in payment of services performed to the state, and no precaution is usually taken to insure its ever being returned again into the exchequer. In the case of the Bank of England, on the other hand, the reflux of the notes was at no period interrupted. Perfect convertibility is no doubt one essential condition of every sound and efficient system of currency. It is the only effectual protection against internal discredit, and the best preventive of any violent aberrations of the exchange with foreign countries. But it is not so much by convertibility into gold as by the regularity of the reflux that, in the ordinary course of things, any redundancy of the bank-note issues is rendered impossible. * * * * It is the reflux that is the great regulating principle of the internal currency; and it was by the preservation of the reflux throughout all the perils and temptations of the period of restriction that the monetary system of these kingdoms was saved from the utter wreck and degradation which overwhelmed every paper-issuing state on the Continent, and which, in all human probability, must have been likewise our fate had our currency, at that epoch, been administered by a government board instead of by the Bank of England. I have adverted, in a former paper, to the deep debt which the nation owes to the bank for its services through that long and trying crisis. I believe they cannot be too highly appreciated; and I believe, further, that the same services could not have been so beneficially performed by any mere bank of the state, or by any body whatever, less intimately bound up, in all its interests and relations, with the commercial affairs and prosperity of the country. *That will be an evil day for England when the supreme executive authority of this country shall take the administration of a credit circulation into its own hands.* I trust never to see it; and I hold the sort of levity with which the possibility of such an arrangement has sometimes of late been alluded to, and even hinted, in the way of menace, to the Bank of England, to be one of the worst indications of the existing state of public opinion on these all-important concerns."

MR. CALHOUN'S OBSERVATIONS ON THE SAME SUBJECT.

Such have been the British utterances on the subject. Mr. Calhoun, in his speech on the subtreasury already referred to, (see his Works, vol. III, pp. 110, 111,) gives some American experiences. Speaking of the suspension of our banks, caused by the declaration of war with England in 1812, he said in October, 1837 :

"I shall never forget the sensation which the suspension and the certain anticipation of the prostration of the currency of the country, as a consequence, excited in my mind. We could resort to no tender act; we had no great central regulating power, like the Bank of England; and the credit and resources of the Government were comparatively small. Under such circumstances I looked forward to a sudden and great depreciation of bank-notes, and that they would fall speedily as low as the old Continental money. Guess my surprise when I saw them sustain their credit with scarcely any depreciation for a time from the shock. I distinctly recollect when I first asked myself the question, what was the cause, and which directed my inquiry into the extraordinary phenomenon. I soon saw that the system contained within itself a self-sustaining power; that there was between the banks and the community mutually the relation of debtor and creditor, there being at all times something more due to the banks from the community than from the community to the banks. I saw in this reciprocal relation of debts and credits that the demand of the banks on the community was greater than the amount of their notes in circulation could meet; and that consequently, so long as their debtors were solvent and bound to pay at short periods, their

notes could not fail to be at or near a par with gold and silver. I also saw that as their debtors were principally the merchants, they would take bank-notes to meet their bank-debts, and that whatever the merchant and the Government, who are the great money-dealers, take, the rest of the community will also take. Seeing all this, I clearly perceived that self-sustaining principle which poised the system, self-balanced, like some celestial body, moving with scarcely a perceptible deviation from its path, from the concussion it had received."

AMERICAN OPINION DRIFTING IN THE SAME DIRECTION.

The intelligence of the country is rapidly arriving at the conclusion that there can be no arbitrary method of ascertaining the proper amount of currency that should be maintained in circulation. The New York Times, in a recent article, says :

"This is a duty for which the Government is not fitted. It devolves on Congress, and Congress, of all departments of the Government, is the least able to perform it. Indeed, it is not too much to say that the task is one that surpasses the powers of any set of men. The amount of knowledge, experience, discretion, and foresight necessary to determine the question never has been and is not likely ever to be found in any selected body of men."

And the New York Bulletin, adopting the same view, justly concludes that the amount of the currency can only be regulated with safety by the business transactions of the country, most wisely remarking :

"We know of no other way of ascertaining how much currency a country requires than by allowing the banks, under proper conditions for the protection of the note-holder, to issue what their customers need, subject to effective arrangements for insuring the redemption of the notes. That amount will never be the same on two successive days, but it will always be just what is wanted, neither more nor less. We should be glad to see the existing circulation subjected to this test. If the volume is really in excess, it would certainly be contracted, and in a way so natural as to hurt no one: If it is inadequate, it would be increased, and in a way to benefit all. There is no other natural and safe gauge for the currency requirements of a community."

The Philadelphia Press seconds these views, remarking that before the war, when banking was free and the issue of the bank-notes limited only by the necessity of redemption, the amount in circulation constantly varied according to the needs of business, being in—

1854.....	\$200,700,000
1855.....	187,000,000
1857.....	214,700,000
1869.....	193,300,000

These were in addition to the large amount of gold and silver in circulation. The volume of currency then shown to be demanded by the country cannot be taken as indicating even approximately our present needs. Long credits were then almost universal, and scarcely any business was conducted on a cash basis. The plentifulness and convenience of the greenback currency during the war worked a great and beneficial change in this respect; debts were promptly paid, and long credits became the exception.

REGULATING THE CURRENCY NOT A PROPER FUNCTION OF GOVERNMENT.

Our currency has not been issued nor is its circulation regulated in the manner described by Mr. Fullarton and Mr. Calhoun. The Government may fix the amount of greenbacks in circulation at any arbitrary figure whatever, and as long as they are not brought within the influence of such a law as these two great authorities describe their value will have no healthful basis, and they will be likely to remain depreciated under any degree of contraction or inflation. There was once a great cry in this country for a divorce of the Government from the banks. If that demand was founded on good reason, there is stronger reason for a divorce of the Government from currency.

THE GREENBACKS NOT SUBJECT TO THE LAW OF EFFLUX OR REFLUX.

The leading items in the banking reports of the United States, taken for any date, will show that the greenback circulation does not come within the influence of the law of efflux and reflux, which should control all paper currency. The figures for the 2d October, 1871, for example, are as follows :

National-bank note.....	\$315,517,997
Deposits	600,808,486
Greenbacks, (about).....	400,000,000
Total circulation.....	1,316,326,483
Discounts	827,663,005
	489,666,488

Thus it appears that practically the whole amount of the greenback circulation was at that date outside of the swing of efflux and reflux.

Are we not now prepared to answer, with some degree of confidence, the question—

WHAT IS THE MATTER WITH THE CURRENCY?

If it had all been issued, like that of the national banks, upon the principle of maintaining an equilibrium between its outgo and return, there would be less difficulty now in dealing with the vexed question of a resumption of specie payments. But alongside of the currency thus healthfully issued by the banks has been a larger circulation, which was put forth, first, according to the sole rule of the necessities of the Government, and afterward manipulated in amount according to its arbitrary discretion under the advisement of the money-lending class.

As long as more than half of the paper circulation of the country outstands in the form of a currency put forth by the Government, having no relation to the actual daily business of the community, that circulation cannot be sound; its beginning is vicious and its career is continually unhealthy. I know of no public assignats ever issued which ever did, as such, glide into a specie currency. I do not think that ours can prove an exception to the rule of universal historical experience. Our Government might, indeed, at any time, by the energy of its credit, declare the greenbacks to be equivalent to specie, and redeem them with specie, but it would have to maintain their credit against every law of regular trade and prudent banking.

IMPORTANCE OF ALLYING THE CURRENCY WITH THE BUSINESS AND PROPERTY OF THE COUNTRY.

The sooner that the whole mass of the currency is brought to represent, at every moment of its circulation, business paper founded upon actual transactions, contracted as often as lent, to be continually redeemed at the maturity of the paper on which it is lent, the sooner shall we get rid of that disease of the currency which alienates it from its proper relations with the home business and foreign trade of the country, and with the specie and other commodities of commerce.

LOANS ON CALL, WITH COLLATERALS PLEDGED.

The greenback system of currency creates and perpetuates that vicious system of bank-loans which is founded upon collaterals, to the disparagement of commercial paper. This latter paper, which has always had preference in sound banking, is now often tabooed by a class of banks, and a mottled host of bonds and shares are made the ideal of security and safety. Rash speculation is the hideous nursling of such a system of banking and currency, to the grievous prejudice of industrious enterprise and methodical business.

HOW TO METAMORPHOSE GREENBACKS INTO A SPECIE CURRENCY.

The true remedy for the present distress of the country resulting from the currency would seem to be found in some plan by which the greenback circulation could be gradually metamorphosed into a currency, every dollar of which, in being put into circulation, should represent some regular business transaction and a debt due to the issuing source. To do so is essential, because it is only by this means that we shall adjust the quantity of the currency to the needs of the people; that we shall distribute it, and keep it distributed in fair apportionment, among all sections of the Union; that we shall release it from the clutch of the powerful speculators, who borrow it on call upon the pledge of collaterals; and that we shall ally it to the legitimate business, and make it the representative of the mercantile and industrial transactions of the community.

OBJECTIONS TO AN EXPANSION OF THE PRESENT NATIONAL-BANK SYSTEM.

Except for its involvement with the objectionable system of currency which has been described, our present system of national banks is probably the best which has ever been devised for local purposes. Separate their own circulation from the greenbacks, and there would be nothing in their organization which would present any serious obstacle to specie payments. But admirable as these institutions are for accommodating the local wants of the country, their number is too great to allow of their being of any avail in regulating and controlling the great commercial and financial operations of the nation. We have now nearly two thousand banks. The system is not an *organism*. It requires to be *unitized*. It needs a balance-wheel, in the form of some central institution of large capital, endowed with the powers and responsibilities of the Bank of England, or of France, or of Prussia, or of Austria.

HELPLESSNESS OF THE PRESENT NATIONAL BANKS IN TIMES OF CRISIS.

Nothing could illustrate the inefficiency of the present national banks in a period of trial more clearly than the helplessness for good which they displayed at the beginning of the present crisis. Although holding reserves aggregating some two hundred millions of dollars, which if concentrated could have carried the country safely through a much more serious disturbance, yet, with those reserves scattered among two thousand banks, they became the means of utterly destroying the very confidence which they were intended to secure. In the light of recent experience, nothing could be more obvious than the policy of devising some means of concentrating these reserves under one control at the great center of trade, and providing that they should be liberally employed in mitigation of those disorders of commerce periodically occurring which they are provided to meet.

The one-reserve system of England, held and controlled largely by the Bank of England, must strike every intelligent mind as infinitely preferable to the scattered reserves of our own two thousand banks, which experience has proved to be a crushing incumbrance rather than a saving help to the country in periods of pressure and panic. In the hands of one great central bank, of large capital, control, and intelligence, having its reserve concentrated in some half dozen branch banks in leading cities, a reserve of \$60,000,000 would be in America, as it is in England, competent to avert from the country many periods of crisis which the present \$200,000,000 of scattered reserves only precipitate and intensify.

A CENTRAL NATIONAL BANK OF LARGE CAPITAL SUGGESTED.

It is partly with reference to the proper management of the reserve that the policy of establishing one controlling bank, clothed with appropriate powers, would seem preferable to that of further multiplying the national banks and enlarging their capital and circulation.

Confining myself, however, to considerations having reference to the currency, I am inclined to adopt the sentiments expressed by Daniel Webster in his second great speech on the subtreasury, delivered in March, 1838, that, "with experience before us, and with the lights which recent discussions both in Europe and America held out, a national bank might be established *with more regard to its function of regulating the currency than to its function of discount*, on principles and subject to regulations such as should render its operations extremely useful."

I believe that a banking institution, national in its dignity, influence, and control; in its responsibilities, powers, and functions, in the reputation, intelligence, and character of its managers; and in the confidence of the Government and the country with which it should be invested, is one of the most popular ideas of the times, as well with the mercantile and financial community as with all classes of people.

THESE IDEAS OFFERED ONLY IN THE SPIRIT OF SUGGESTION.

I suggest these remedies for the evils of our financial situation with great diffidence, but with less distrust than I would do if they were original with myself. I take them in part at second hand from a friend of large experience and ripe thought on the subjects of banking and currency, Daniel H. London, esq., of New York.

THE WIDE PREVALENCE OF THE FOREGOING VIEWS.

I believe the views I have presented are widely entertained in the country, and will ultimately prevail; I present them in no dogmatic spirit, and if they should not commend themselves to the intelligence and patriotism of the country, no one will be found more ready than myself to support the measures which Congress and the administration shall devise for the public relief.

THE COUNTRY NEEDS AND DEMANDS SOME MEASURE OF PROMPT, PERMANENT, AND EFFECTIVE RELIEF.

But prompt, permanent, and effective relief in some form is indispensable. The present system taxes and depresses the industrial interests of the country too severely. We need a system of banking and currency more uniformly and universally beneficial, more popular in its scope, more catholic in its fostering aim. A 12 per cent. system of finance will ruin any country sooner or later. It is sure to paralyze the industries of the working millions. It must inevitably impoverish and crush the yeomanry of the country. It slowly and surely steals away the wealth of the land from the many to the few. Under its pernicious influence the two extremes of pampered opulence and homeless poverty are daily recruiting their swelling ranks, while the staunch middle classes are steadily losing from their dwindling numbers. The tendency of the system is in the two directions most to be deprecated—to splendor and to squalor. Under a Government of free institutions this tendency ought

to be arrested; and no future Goldsmith should be able to pronounce upon our land the splendid requiem—

Ye statesmen who survey
The rich man's joys increase, the poor's decay,
'Tis yours to judge how wide the limits stand
Between a splendid and a happy land.
Hoards even beyond the miser's wish abound,
And rich men flock from all the world around.
Yet count our gains. * * * The man of wealth and pride
Takes up a space that many poor supplied;
Space for his lake, his park's extended bounds;
Space for his horses, equipage, and hounds;
While, scourged by famine from the smiling land,
The mournful peasant leads his humble band;
And while he sinks without one arm to save,
The country blooms a garden and a grave.

I am, sir, most sincerely and respectfully, your obedient servant,

RO. W. HUGHES.

[From the Philadelphia American and Gazette, January 21, 1874.]

CAUSES OF THE RECENT BUSINESS REVULSION—SUPPLY OF CURRENCY.

The President, in his last annual message, strongly presents, in outline, the existing deficiency of the currency for the transaction of the legitimate business of the country. He would not, by undue inflation of the circulation, postpone or prevent the resumption of specie payments, but he would not crush the industrial prosperity of the people and diminish our foreign exports in order to prepare for such an end, no matter how desirable, when it can be made to come along in the natural order of business affairs; that is, he would not force the season by putting on a summer dress in a late and inclement spring, fearing a consumption would most probably follow. The untoward policy of an untimely contraction of the necessary ways and means of resumption seems to him just as inopportune and mischievous; to which we may be allowed to add that the process, in reference to our monetary affairs, is not only improvident but impossible.

After declaring that "our present currency is the best that has ever been devised," he proceeds to notice, first, its want of flexibility or adjustment in amount to the very varying requirement of the different seasons of the year for its service in the business of the country, and suggests a remedy for this inflexibility and its incident evils, with which remedy, however, we are not now directly concerned. He next plainly urges deficiency of the currency in amount, produced by two sets of causes, one of these being a direct and absolute contraction of the Government issues within the last four years, and the other an additional relative or comparative contraction, occasioned by an enhanced demand for money arising out of an "increase of population, increase of manufactories and all the industries."

We propose now to develop these points, so well taken in the message, with the statistics which we think very abundantly support the opinion and policy which the President necessarily states in generalities.

We take, for the purpose of this exhibit, the year 1868, or five years before the panic of last autumn, as the fairest and most easily balanced relation of the currency to our business needs as a point of departure, and suggest the money account-current of 1865, while yet the national finances were in the flurry of the late rebellion, merely to note the prodigious change from the state of war to that of peace. We hold the data of the argument within the boundaries 1868 and 1873 as the best and truest presentation of the facts which bear upon the policy now demanded, and at the same time as exhibiting the causes of the panic or revulsion on our money and business markets.

FIRST—DIRECT REDUCTION OF CIRCULATION SINCE JULY, 1868, ABOVE THREE HUNDRED MILLIONS OF DOLLARS.

In the annual finance report of 1872, at page 291, the United States Treasurer gives a tabular statement of the "currency outstanding at the close of each fiscal year for the last eleven years." By "currency outstanding" in these statements is intended the issues of the United States Treasury. The items embraced are old demand-notes, legal-tenders, compound-interest notes, one and two year notes, and fractional currency. For the total currency in actual circulation, or otherwise serving indirectly to the same effect in the money-market, we take the statements of the United States Treasurer at the dates which we select, and add thereto the amount of 7.36 notes, 3 per cent. certificates, and State-bank notes outstanding, thus:

Treasury currency, 30th June, 1865, according to Treasurer's report.....	\$698,918,800
Add 7.30 notes, 31st July, 1865.....	830,000,000
National-bank notes, 3d July, 1865.....	131,452,158
State-bank notes, July, 1865, (say).....	240,000,000
Total circulation in July, 1865.....	1,900,370,958

This, however, was the state of the circulation immediately upon the close of the war. Let us now look at the currency-account after it was fairly reduced to a peace-footing :

Treasury currency, according to Treasurer Spinner, June 30, 1868.....	\$444, 196, 262
Add 7.30 notes, (January 1 1868).....	240, 291, 300
Three per cent. certificates, June 30, 1868.....	50, 000, 000
National-bank notes, July 6, 1868.....	294, 908, 264
State-bank notes, July 6, 1868, (say).....	4, 000, 000
Total circulation in July, 1868.....	1, 033, 395, 826
Treasury currency, according to Treasurer Spinner, June 30, 1873.....	401, 527, 267
Seven-thirty notes.....	274, 100
National-bank notes, June 30, 1873.....	30, 000
Three per cent. certificates, June 30, 1873.....	344, 858, 627
State-bank notes, June 30, 1873.....	Nil.
Total circulation in July, 1873.....	746, 689, 994
Treasury currency, 30th September, 1873.....	402, 923, 039
Seven-thirty notes, 30th September, 1873.....	260, 500
National-bank notes.....	348, 007, 958
Total currency, 30th September, 1873.....	751, 191, 497

By this statement (which is official as to all the items except the State-bank notes, which we have taken pains to estimate as accurately as may be) the reduction of the paper-currency issues of the Treasury and the National Currency Bureau from the 1st July, 1868, to the 1st July, 1873, five years, amounts to \$286,705,832.

To this sum should be added the increased amount required to be held as reserve by the national banks, which, from 1st July, 1868, to the 13th June, 1873, amounted to \$14,727,894. The amount, therefore, withdrawn from actual circulation in the period is \$301,433,726. We add the increase of the bank reserves, because the entire issue of legal-tenders and of other reserve funds is charged to the outstanding circulation at each of the dates given in our statements.

COMPARATIVE REDUCTION OF CIRCULATION SINCE JULY, 1868.

Let us try the items under this head. Of course only approximate estimates can be made; but with any margin for differences, the very lowest will answer the purpose of this inquiry.

First. Increase of population in the five intervening years. Taking the rate of increase per annum in the decade 1860-1870 for the measure of increase from 1868 to 1873, it would stand thus: Population in 1868, 37,260,335; in 1873, 41,358,971; increase, 4,198,636, which is 11 per cent. Most probably the increase was quite 12 per cent., or 4,471,240.

Second. Increase of merchandise imported and retained for consumption:

Fiscal year 1867-'68, gold value.....	\$344, 773, 435
Premium on gold, 37½ per cent.....	129, 290, 037
Currency value.....	474, 063, 472
Fiscal year 1872-'73, gold value.....	624, 584, 056
Premium on gold, 12 per cent.....	74, 950, 086
Currency value.....	699, 534, 142
Five years' increase of imports for consumption, equal to 47.5 per cent.....	225, 470, 670

Third. Marketable domestic industrial product:

Year 1868, total value.....	4, 036, 030, 974
Year 1873, total value.....	5, 821, 409, 636
Increase in five years, 44.2 per cent.....	1, 785, 378, 662

Fourth. Cost of travel and transportation by railroads:

For the calendar year 1867.....	332, 000, 000
Year ending middle of 1873.....	486, 000, 000
Increase in 5½ years, 46.5 per cent.....	154, 000, 000

Fifth. Cost of construction of railroads:	
Year 1867, 2,449 miles, at \$55,116 per mile.....	\$134, 979, 084
Year 1872, 6,427 miles, at \$55,116 per mile.....	354, 230, 532
Increase in five years, 162.4 per cent.....	219, 251, 448

NOTE.—Thirty-one thousand and forty-one miles of railroad were constructed in the five and a half years from 1867 to the middle of 1873, at a cost of \$1,710,855,756. During the five and a half years preceding 1868 the cost of construction was \$418,220,208. Increase in the latter period over the former, \$1,292,635,418—309 per cent.

Sixth. Increase of wealth of the United States:	
In the five years—1868 to 1873—45.25 per cent.....	\$11, 715, 616, 652

Seventh. Increased demand for circulation in payment of wages in the South:	
Four millions of slaves were emancipated in the period of five years, and if the wages exceeded the former cost of keeping \$25 per year, we have an increased demand for money of 100 per cent., or.....	\$100, 000, 000

Referring the mere estimates here given to the judgment of experts, we will now summarize the particulars, reminding the student of the subject, however, that no estimates of the increased cost of canal, river, or coastwise travel, transportation, and equipment, or of telegraph construction and expense of use, is here attempted.

SUMMARY OF THE ITEMS SELECTED.

	Per cent.
Increase of foreign imports for consumption.....	\$225, 470, 670— 47.5
Increase of marketable industrial products.....	1, 785, 378, 662— 44.2
Increase of cost of travel and transportation by railroads.....	154, 000, 000— 46.5
Increase of cost of construction of railroads.....	219, 251, 448—162
Increase of wealth of the United States*.....	11, 715, 616, 652— 45.25
Increase of wages demanded in the South.....	100, 000, 000—100

Aggregate increase in amount of items enumerated..... 14, 199, 717, 432— 45.8

Except in the erratic items of railroad construction and wages of emancipated labor in the Southern States during the period of 1868–1873, these results, derived from an entirely independent examination, give a striking correspondence of the increased wealth and of the several items of demand for money or other means of payment in the business of the country. It hovers very closely to 45 per cent., both in the particulars and in the aggregate. This is so much in support of our calculations. Further, the increase of population in the decade 1850–'60 was 35½ per cent., and that of wealth was 129 per cent. The like ratio of population in the period 1868–'73 would require an increase of wealth of 50 per cent., which, under the unfriendly conditions then existing, is not too large a reduction, but rather a confirmation of our calculation.

According to the ratio of business demand for the means of payment in 1868, the requirement of midsummer, 1873, would be \$1,506,691,114. The supply, however, was but \$746,689,994, which shows a relative deficiency of \$760,001,120. A portion of this deficiency was made up by railroad bonds, another portion by the exportation of domestic exports, and other portions by permanent investments, which were evidences of debt unpaid, and the remainder by commercial and other business credits; but all these substitutes left balance enough to produce a scarcity of ready money, which resulted in the panic of last September and the pressure which still continues. The value or force of our statistics is submitted for the consideration of those who will give them an attentive consideration.

A PLEA FOR A REGULATOR OF FINANCE.

WASHINGTON, *March 16, 1874.*

Mr. JOSEPH C. GRUBB, of Philadelphia, having appeared before the Committee on Currency and Banking of the House of Representatives, made the following argument:

Mr. CHAIRMAN and GENTLEMEN: In the half hour of your time that I shall occupy I ask your indulgent courtesy, for I feel only too well that I am unequal to the occasion.

* The wealth of the United States in 1860, valuation of slaves deducted, we put at..... \$14, 183, 215, 628
Census valuation in 1870..... 30, 068, 518, 507

After deduction of discount upon the currency in 1870 the average annual rate of increase would be 7½ per cent. compounded. This rule gives \$25,777, 600,000 for the wealth of the United States in 1868, and \$37,442,000,000 for the wealth of 1873. Increase in five years, 45½ per cent.

N.B.—The data of the foregoing calculation, though official, are in many respects inaccurate, and exact precision of figures in the results has not been intended. The mere estimates are not insisted upon; a safe approximation to results is all that is possible in the premises.

My theme is confidence—well-placed confidence, confidence as the main element of modern civilization. The argument, the honor of the nation, its pledged word. I am to plead for an unimpeached integrity of the orphan's portion and the widow's mite; an unshortened reward for labor, sweat, and toil. I am to beckon you back from the precipice's edge to the ancient ways, to remind you that there is a pregnant moment in the life of republics when despotism is welcomed as repose.

A consideration of the method by which the promises of the General Government and of the national banks, funded and payable to bearer on demand, can be brought to and maintained at par with coin or its equivalent, may safely be confined at the present time to an exhibit of the figures that will indicate the means, fortified by a few of the clear and evident reasons for its necessity.

A candid examination will disclose the fact that the highest financial prosperity has been secured only by uniting the public capital with private fortunes, and then intrusting it to the skill and vigilance of private interest clothed with the supreme authority. Fifty years of such management at the outset of the Government placed the United States on an equality with the chief commercial nations of the world. This continued until the close of the year 1833. A separation, then, of the General Government from the National Bank, the removal of the public deposits to State banks, the adoption of the independent treasury, the succession of State-bank failures, of financial panics and commercial embarrassments, consequent upon such a state of things, is a part of the history of the past and need not now be repeated.

Trade interests of the national Treasury after that year were never in harmony and often in collision. Such was the state of affairs at the commencement of the civil war in 1861.

Passing the intervening time, we encounter the conditions which must be considered now in any plan of restoration. These are contained in the Treasury statement of March 1, 1874, and in the report of the national banks, Friday, December 26, 1873. They consist of the following, using approximate round sums :

National debt, principal and interest, payable in coin	\$1,720,000,000
Annual coin interest	110,000,000
The demand debt, bearing no interest :	
In legal-tenders	382,000,000
In fractional currency	48,000,000
Retired legal-tenders in the Treasury	18,000,000
National-bank notes	341,000,000
Paper currency in the United States Treasury	55,000,000
United States bonds to secure bank circulation	390,000,000
Other United States bonds held by the banks	23,000,000
Annual coin interest on these two items	25,000,000
Coin in the United States Treasury	45,000,000
Other coin in the Treasury	40,000,000
Coin in the national banks	27,000,000
Coin in California	25,000,000
All elsewhere	18,000,000
Legal-tender and fractional currency held by the banks	108,000,000
National-bank notes held by the banks	22,000,000
Internal revenue :	
Currency receipts for current year	188,000,000
Coin receipts from customs for current year	120,000,000

These are the rudiments, the unshaped ingredients, that will be incorporated into any plan of restoration. If we will but accept the situation, the road is plain; it is the beaten track. We have only to retrace our steps.

With the single exception of the default in the circulation and proportions of the sums to be handled, matters stand precisely as in 1833. The present banks are correspondent to the National Bank of that period. They hold their charters; the stock is taken. Wise legislation has enacted the transition from a State-bank circulation, unequal and unsafe, to one uniform and national.

If resumption of coin payments is to be the only aim at this time, then a corporate body, the legal proportions of which would be to have succession for a term of seven years, charged with this special duty and with the care and preparation of such measures as will accomplish the work, would, it may be affirmed, be a remedy certain and perfect. The experience of every civilized commercial nation has proved it.

To whom, then, may this power be delegated? Certainly to the parties in interest—the national Treasury, the national banks, and trade interests. Three representing the business of the country, three the banks, the chairman of the Committee on Finance of the Senate, and of the Ways and Means of the House of Representatives, for the time being, and the Secretary of the Treasury, would be a suitable body. There need be no salaried offices to fill, as the clerical force could be drawn from the Treasury and the banks. The Mint or the Treasury might be its location.

Few instances are recorded of any people returning voluntarily from the uses of irredeemable paper to sound currency, and then only by the one road—surplus income, national and private. All that legislation can safely do is to turn to the best account, and to convert to a useful purpose, that which might otherwise be locked up unprofitably. Legal compulsion should not be resorted to. Theory and the schools can give no help.

These premises allowed, the remedies can readily be prescribed. Perfect credit, *solvency*, is enwrapped in the first two items, namely, that part of the funded debt payable in coin, and the promises payable in paper on demand. *Both alike are defaults.* A promise to pay gold by the General Government is not a pledge of credit; it is a contract by a defaulting debtor, stipulating to deliver coin, now lifted out from a true system of finance, and it is doubtful if it is a prerogative of the Government thus to bind itself to deliver, at a future period, a production which it is no part of its business to develop, and over which it can have no control except by arbitrary enactment.

The bank-notes *have* a certain quality, that will assimilate with a reformed system, as there is a material commodity behind them, while the legal-tenders, being injected from without, are simply an evidence of indebtedness for property bought and consumed, but not paid for.

As shown, there is currency in paper :

Of legal-tender notes	\$400,000,000
National-bank notes.....	341,000,000
Fractional currency.....	48,000,000
Currency in paper.....	<u>789,000,000</u>

The banks now hold in legal tender and fractional currency.....	108,000,000
Paper currency in the United States Treasury.....	55,000,000
The banks hold of their own notes.....	22,000,000
Balance of retired legal-tenders	18,000,000
	<u>203,000,000</u>

There is coin in the Treasury.....	45,000,000
Other coin in the Treasury	40,000,000
Coin in the national-banks.....	27,000,000
To fund the bonds held by the banks into a currency loan will give.....	25,000,000
	<u>137,000,000</u>

A certain sum may surely be relied on that in no event would become a disturbing element. Assuming this to embrace the largest portion of the fractional currency and, in addition, an equal amount, say eighty millions in all, we may proceed. Merging now the Treasury statement with the bank exhibit, thus joining the public capital to private fortunes, there is, as seen—

Currency in paper.....	\$789,000,000
To the credit of the Treasury and banks:	
In currency.....	\$203,000,000
In coin-resources.....	137,000,000
An estimated sum.....	80,000,000
	<u>420,000,000</u>
Leaving a default of.....	<u>369,000,000</u>

There yet remains of gold in reserve :

In California.....	25,000,000
All elsewhere	18,000,000
Yearly product of mines.....	60,000,000
	<u>103,000,000</u>

The annual coin-interest is now reduced to.....	78,000,000
The funded debt payable in gold is reduced to.....	<u>1,317,000,000</u>

The parties in interest by their chosen agents, a corporate body, composed of men of calm judgment—such men can be found who will manage business only with reference to reputation and sound principles—may now assume control. Here is where we left off forty years ago. The experience of other nations has shown that such a head meets best the demands of modern civilization, and we must come back to it sooner or later. Law has its court of last resort; finance, without such an authority, is nothing less than lynch-law.

It may be inferred that such a management at the outset would agree upon limited fiscal terms. The first of these might close with the year ending December 31, 1875.

The currency receipts of the Government for the intervening twenty-one months would be	\$315,000,000
Coin-receipts from customs	210,000,000
Income	525,000,000
There is currency yet in default	369,000,000
Leaving resources in excess	156,000,000
And a reserve remaining:	
Of coin in California and elsewhere	43,000,000
Of coin-production for twenty-one months	105,000,000
Gold in reserve	148,000,000

There is still a debt of \$1,317,000,000, payable principal and interest in coin. This, in view of approaching solvency, could no doubt, with the \$413,000,000 held by the banks, be funded into a currency loan similar to the Pacific sixes.

All that now remains are questions solely of good book-keeping, and of living within our means; of spending less than we earn. The details would vary with the times and conditions. Foreign balances would now be settled with gold gathered into and distributed from a common hoard, instead of being carted from the mines to the ship's side. We would then know what amount we could pay for. In a word, under a comprehensive management, the gold we have, and home-grown gold, and the contributions of commerce and trade, can smelt the public capital and private fortunes now saturated with alloy and distrust into an unquestioned credit; and this is the key with which to solve the problem.

The proposition to fund the legal-tenders is inadmissible; the superstructure equally with the promise itself must be cared for. An inexportable currency is credit in its most vicious form. Trade will be carried on at all hazards and at all times. To appreciate the legal-tenders to par, that we may pay the bank circulation with them, is an effort to compromise at fifty cents on the dollar; it is the structure, not the separate props, that must be treated. An interest-bearing bond, interchangeable with irredeemable currency, would be utter rottenness and only evil continually.

It is quite time that we had learned that the interdependence of nations is not optional, but that it is a law of nature. The world, with its arctic, temperate, torrid zones, its varied soils and productions, its iron and coal beds lying in one zone, its cotton growing only in another—the world as it is is so framed as to *compel* the nations of different races to weave the web of intercourse more and more as they advance in civilization; to intertangle the threads of their national prosperity into an international skein. Clearly this is not merely human contrivance or human law; and thus it is that the solvent dollar of credit becomes a beneficent and a providential fact, and that it is a divine decree.

The men of our time, who are led most by attentive observation, see but one result. If the catastrophe is to be avoided, it will be by the exercise of an authority that shall bestow upon its contemporaries, not what they shall praise, but what they shall need. The willingness of the people to atone for a grave error of the Government in the past may be relied on. If these conclusions, then, are correct, the selection of three persons representing the national banks, three the business interests of the country, the chairman of the Finance Committee of the Senate, and of the Ways and Means of the House of Representatives, would doubtless be a suitable body to present to Congress terms for an adjustment, as the initial proceeding, by which the national circulation in paper may be brought to and maintained at the specie standard. Surplus revenue in the time named, seven years, will, I have not a doubt, extinguish the default.

In a word, the remedy would be applied to individuals in the same condition; and it is of individuals aggregated we are treating. The result is attained by a transposition of underpinning; the coin being taken from what does not require it, the funded debt, to support that which draws continuous life only from it.

Gentlemen of the committee, it may be said of the business interests of the country that every face is turned toward Washington. We ask you to meet our gaze. We ask that you will make our national dollar an honest dollar, that it may always tell the truth. Here, at the source of power, I may be permitted to say that forty years of careful disciplined

thought, has convinced me that some such adjustment as is now presented would be accepted as satisfactory, and that it is the one controlling need of the times. Gentlemen, we ask that in our ventures even to the uttermost parts of the earth our national dollar may accompany the national flag. As it is, it is scouted from the avenues of trade, in every foreign market, as unfinished and sent before its time, while itself, at home the implement of binding, is the chief violator of the sanctity of all contracts.

The plan proposed builds up nothing new ; it accepts that only which already exists, and supplies a missing link. It offers to do the work in the shortest time and at the smallest expense ; and it further commends itself from the fact that it will be at the common cost.

This is not the proper time to discuss that other most important question inseparable from a complete system of national finance, and without which there can be no full settlement—free trade absolutely between the lender and the borrower, and the entire repeal of all laws imposing restrictions and penalties, thus allowing individuals, parties to the contract in any capacity, to receive and to pay such rates for the use of money as they shall agree upon.

Mr. Grubb suggested the following as a joint resolution for the adoption of Congress :

Whereas Congress may properly receive from the parties in interest a statement of the terms and conditions upon which the national debt in coin, and currency in paper, may be brought to and maintained at a uniform standard : Therefore,

Be it resolved, That three persons from the business interests, three authorized by the associated national banks, the chairman of the Committee on Finance of the Senate, and of the Ways and Means of the House, with the Secretary of the Treasury, would be a proper body to present such plan of adjustment.

President Grant, in his message of 1873, says :

"The exact medium is specie. To hold what we have and to appreciate our currency to that standard is the problem deserving the most serious attention of Congress. Could but one-half the gold extracted from the mines be retained at home, the advance toward specie payment would be rapid. My judgment is, we never can have permanent prosperity until a specie basis is reached. Without this national as well as individual bankruptcy must ensue. A specie basis cannot be reached and maintained until our exports, exclusive of coin, shall pay our imports and our interest and other obligations due abroad, or so nearly as to leave an appreciable accumulation of the precious metals in the country."

The report of the Comptroller of the Treasury for 1871 says :

"A candid investigation develops the fact that there is no branch of the fiscal service adequate to the issue and care of such a currency as the country requires. The Treasury system is so little in harmony with the interests and wants of trade that its operations are regarded by business men as constituting a powerful and very uncertain element, difficult to estimate in their transactions. The Government circulation cannot be made convertible without first making a radical change in the National Treasury, by which it shall be converted into an institution calculated to perform the functions of a bank."

Hon. E. G. Spaulding, himself the author of legal-tender law, has said :

"The Bank of England is a striking example of the combined power of public authority and private influence in sustaining the credit of a government.

"We may safely profit by this example. It is the fiscal agent of the British government ; and notwithstanding it is a bank of discount, deposit, and circulation, it has thus far received and disbursed the public moneys without the loss of a dollar of the money intrusted to it. It is well known that our Government never lost any of the money deposited in the first or second banks of the United States. They were both fiscal agents of the Government. All the public money was received and disbursed by them with fidelity and usefulness to both parties. Had such a bank been in full operation at the commencement of the rebellion, it would probably have been unnecessary to have issued the Government greenbacks."

[Extract from a recent pamphlet.]

A Senator (General John A. Logan, of Illinois) has said, "An increase of property, as a logical result, requires an increase of currency." This is not the logic of trade ; for our bills payable disappear as our property increases. Bankers' expedients, checks, bills of lading and of exchange, transfers by telegraph, are the currency of commerce. Bank-notes are used to turn the scales. The need is for stable capital, for flexible credit ; the issues of mere paper can be no substitute for that.

The *Economiste Francaise*, describing the monetary crisis in the United States, says :

"Here one may perceive how great a service may be rendered to the Government by such an intermediary as the Bank of England or the Bank of France. There is the government always at hand to save so fragile an edifice as that of banking credit from falling to pieces. Apart from such resources, the United States Government found itself face to face with the powerlessness of the banks and with all other business in a state of embarrassment."

TREASURY DEPARTMENT,
OFFICE OF COMPTROLLER OF THE CURRENCY,
Washington, March 2, 1875.

SIR: In accordance with your verbal request, I have the honor to transmit herewith the following information: The number of applications received at this office for the organization of national banks since the passage of the act of January 14, 1875, is sixty-seven, representing capital amounting to \$7,850,000; increase of capital applied for by existing organizations, \$3,387,900; circulation applied for on capital already paid up, \$2,997,870.

The amount of additional circulation actually issued since the passage of the act of January 14, 1875, to March 1, is \$1,606,375.

The total circulation of the national banks, on March 1, was \$351,859,344.

The amount of legal-tender notes deposited to March 1, under section 4 of the act of June 20, 1874, was \$12,348,000. The amount of legal-tender notes deposited since the passage of the act of January 14, 1875, is \$4,024,000.

I am, very respectfully,

JNO. JAY KNOX,
Comptroller.

Hon. HORACE MAYNARD,
Chairman Committee on Banking and Currency, House of Representatives.

TREASURY OF THE UNITED STATES,
NATIONAL BANK REDEMPTION AGENCY.
Washington, March 2, 1875.

SIR: In compliance with your oral request of this morning, I take pleasure in inclosing herewith a statement of the amount of national-bank notes received for redemption by this agency under the third section of the act of June 20, 1874, from July 1, 1874, to the close of February, 1875.

I append thereto statements of the amount redeemed and of the amount assorted and delivered to the Comptroller of the Currency during the same period, and of the express charges paid from July 1, 1874, to February 1, 1875.

The bill for express charges for February has not been received.

Very respectfully, your obedient servant,

F. E. SPINNER.
Treasurer of United States and Redemption Agent.

Hon. HORACE MAYNARD,
Chairman Committee on Banking and Currency, House of Representatives.

National-bank notes received for redemption under the act of June 20, 1874.

1874.	
July	\$10,539,207
August	10,593,366
September	7,821,466
October	5,618,376
November	10,226,906
December	11,285,791
1875.	
January	15,888,926
February	13,168,720
Total	85,142,758

National-bank notes redeemed and paid for.

1874.	
July	\$6,892,749
August	11,543,167
September	8,377,872
October	3,781,519
November	11,471,914
December	11,153,925
1875.	
January	12,702,221
February	10,027,009
Total	75,950,376

The difference between the above amount and the amount received is the amount of notes of national banks failed, in liquidation, or reducing their circulation, sorted by the agency and redeemed by the Treasury in legal-tenders, and of bank-notes fit for circulation exchanged with the Treasury for notes unfit for circulation.

National-bank notes assorted and delivered to the Comptroller of the Currency.

1874.	
August.....	\$1,117,600
September.....	8,827,750
October.....	9,827,870
November.....	10,687,090
December.....	10,865,995
1875.	
January.....	13,006,700
February.....	12,265,690
Total.....	66,598,695

The difference between the above amount and the amount redeemed was the amount of notes in this agency in the various stages of assortment on the 27th ultimo.

Express charges paid on national-bank notes received for redemption and United States currency returned therefor.

1874.	
July.....	\$4,802 27
August.....	6,404 73
September.....	3,898 37
October.....	2,150 40
November.....	4,932 80
December.....	4,949 00
1875	
January.....	6,393 27
Total.....	33,530 84

Average rate of express charges to February 1, 1875, 23½ one-thousandths of one per cent. of the amount transported, or 23½ cents per thousand dollars.

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JOHN S. WOOD.

MARCH 3, 1875.—Ordered to be printed.

Mr. ALBRIGHT, from the Committee on Military Affairs, submitted the following

REPORT:

[To accompany bill H. R. 4017.]

The Committee on Military Affairs, to whom was referred the bill (H. R. 4017) for the relief of John S. Wood, respectfully report:

That said John S. Wood enlisted as a private, August 19, 1861, at Harrisburgh, Pa., and recruited several men for the Seventh Regiment Pennsylvania Cavalry.

At an election of officers on the 1st day of September, of the same year, he was chosen first lieutenant of Company I in said regiment, and on the 3d day of the same month he was mustered into the service of the United States, by Maj. D. H. Hastings, of Fifth United States Cavalry.

At the time of muster, however, he had received no commission as lieutenant from the governor of Pennsylvania. Colonel Wynkoop, commanding the regiment, seemingly wishing the place for another, and assuming that the want of such commission disqualified Wood from maintaining his rank, in December of the same year refused to recognize him as lieutenant, had another installed, and dropped Wood's name from the rolls.

Wood maintained that he was regularly constituted a lieutenant, and persisted in serving in the Army. By order of superior officers he was sent from his regiment on detached service, and served long and well, receiving many wounds, taken prisoner and confined in southern prisons, and when released, in 1864, was greatly injured in both body and mind.

The following is a synopsis of his military record as furnished by himself. Much of it can be verified by the records, while as to the rest Mr. Wood is indorsed as a gentleman of character and integrity by Generals Ord, Ruggles, and other military gentlemen:

Enlisted as private August 19, 1861, at Harrisburgh, Pa.

Recruited seventy-two men for Company I, August, 1861.

Elected, by company, first lieutenant, September 1, 1861.

Mustered into United States service, as first lieutenant, by Maj. D. H. Hastings, Fifth United States Cavalry, United States mustering officer, September 3, 1861.

Commanded company, and was drill officer for officers and men to December 19, 1861.

Moved with company to Tennessee, December 19, 1861, to February 26, 1862.

On General Nelson's staff, commanding escort from Nashville to Pittsburgh Landing, April, 1862.

Served on Duffield's staff, Twenty-third Brigade, Army of the Ohio, latter part of April, 1862, until July 14, 1862.

Wounded in head by musket-ball, and received seventeen buck-shot in body, at Lebanon, Tenn.

In action at Gallatin, Tenn., August, 1862.

In action at Lavergne, Tenn., October 7, 1862, commanding Tennessee troops.

Wounded in hip by shell, and horse killed, at Stone River, Tenn., January 1, 1863. In this engagement had a major's command of Tennessee troops.

Was in General Minty's command in pursuit of VanDorn by General Sheridan from Spring Hill to Duck River, March, 1863.

Wounded at Franklin, Tenn., April 10, 1863, under General Stanley.

In action at McMinnville, Tenn., April 21, 1863; Col. R. H. G. Minty, commanding.

In engagement at Hoover's Gap, Tenn., June 24, 1863. Had horse shot and killed in this engagement. Was off duty, (but with command,) on account of heat affecting wound in head, until August, 1863.

In engagement at Chickamauga, Ga., September 19, 20 and 21, 1862, with companies Seventh Pennsylvania Cavalry. Was wounded through right knee, captured, and taken as a prisoner to Andersonville, Ga.

Was exchanged in the spring of 1864.

Have no personal recollection of circumstance, but have been informed, and believe, that I was taken first (after exchange) to hospital at Louisville, Ky., from which place I was removed, in June, 1864, to Carlisle barracks, Pa., where I remained, an invalid, for over two years, or until 1866, unable to do anything. My leg is yet flexed at an angle of about forty-five degrees, from wound at Chickamauga, and my wound in head was trepanned, and I yet wear the silver plate, under the skin, over the opening in my skull.

Opinion is divided as to whether Mr. Wood was legally mustered in, he not having provided himself with a commission. That it was necessary is the view of the War Department. But he having served till in December, 1861, before he was refused recognition, that Department offers to give him an honorable discharge on receipt of tender of his resignation as first lieutenant, Company I, Seventh Pennsylvania Cavalry, to date December 19, 1861.

In view of this decision, and of the fact that he has never been mustered out of the service, and is therefore unable to make application for pension, or to avail himself of the homestead-law as applied to soldiers, and in view of the further fact that he so faithfully served during the war, he is entitled to an honorable discharge as of the date of the mustering out of his regiment.

We therefore recommend the passage of the bill.

JAMES G. WILLIAMS.

MARCH 3, 1875.—Ordered to be printed.

Mr. CLINTON L. COBB, from the Committee on War Claims, submitted the following

REPORT :

[To accompany bill H. R. 4887.]

The Committee on War-Claims, to whom was referred the petition of James G. Williams, of Memphis, Tenn., having considered the same, report :

That the said Williams entered the service of the United States in April, 1861, as an engineer on board the Government transport B. B. Cheney, plying between Cairo, Ill., and Columbus, Ky.; that he continued in such employment until the 17th of July following, when he entered the United States service under the command of General McPherson, then besieging Corinth, Miss., in the capacity of scout and guide, in which service he continued until the fall of 1863; that up to the 11th day of May, 1865, he acted as a guide and scout under Generals Stephen A. Hurlbut, C. C. Washburn, A. J. Smith, and their subordinates; that he enlisted in the First Mississippi Mounted Rifles, under command of Lieut. Col. W. O. Shorey, in February, 1864, and was nominally borne on the rolls of Company D of said regiment, but never mustered in, never did any service in said regiment, and never drew pay, clothing, or rations in such capacity.

It appears from the petition that the claimant has not received pay for his services from February 3, 1864, to May 11, 1865; that during such period he furnished himself with horses, clothing, lodging, and board, and fed and cared for his horses at his own expense, and never received anything toward defraying the same; that during said period he was on duty in and about Memphis, and went out frequently into the enemy's lines on secret-service duty; that he went frequently from Cold Water, Miss., to the Tallahatchie River and Holly Springs, in said State, and to various points in West Tennessee; that he acted as guide and scout on the Sturgis raid, and was captured between Gunton and Saltillo, Miss., by rebels under command of General Forrest; that he was taken to Tupelo, tried by a court-martial and sentenced to be shot, but succeeded in making his escape and returned to Memphis in safety; that on this occasion he lost a horse, equipments, and pistol; that soon after this he went with General A. J. Smith's expedition to Tupelo, Miss., as a scout and guide, and was present at nearly all the battles and skirmishes that took place on said expedition, during which he lost another horse and horse-equipments, together with a pair of Colt's revolvers. It appears from the statement that he had no written contract for compensation for said service, but was promised payment from time

to time, and that he did not make application for pay at the time; and that after the close of the war, until recently, he had supposed he could secure pay for his services, and a pension for the wounds he still suffers from, through the Executive Department; but now finds that because he was not mustered into the United States service he has no other remedy than by application to Congress. He submits an account for his services in secret-service department of Tennessee from February 3, 1864, to May 11, 1865—fifteen months and eight days—at \$150 per month, \$2,290. Claim is also made for two horses and equipments, and for pistols, &c.; the claim amounting in the aggregate to \$2,821.50.

It further appears from the statement of the claimant that on the 15th of August, 1864, while on this last-named expedition, his horse was shot dead and he was wounded, being shot through the left breast, the ball lodging near the shoulder-blade, where it remained, and from which he has been subject to hemorrhage of the lungs at intervals; that he was also wounded in the neck, from which he has not recovered; and that, with the exception of the disabilities caused by the said wounds, he rendered constant and efficient service during the period of time charged for.

The statement of Williams is sworn to, and is corroborated by the affidavits of M. T. Williamson, late first lieutenant Company C, Seventy-second Regiment Ohio Volunteers, and by William W. Jackson, late captain and commissary commanding First Mississippi Mounted Rifles. These affidavits are as follows:

STATE OF TENNESSEE,
Shelby County:

M. F. Williamson, being duly sworn, deposes and says that he is 45 years of age and resides in the city of Memphis, county and State aforesaid, and that he is city register of said city; that he served as first lieutenant in Company C, Seventy-second Regiment Ohio Volunteer Infantry, in the late war, until the fall of 1864, and as colonel of the Third Regiment enrolled militia, district of Memphis, until February, 1865, and after that time until May 8, 1865, as brigadier-general of said enrolled militia, when the same was disbanded; that he was almost continually in said city of Memphis from November, 1863, to the close of the war in 1865; that from May, 1863, until the fall of 1864 he was on the staff of Brigadier-General R. P. Brickland as aid-de-camp, and that as such staff-officer he became acquainted with J. G. Williams in the spring of 1864, and that he then knew said Williams as being in the employ of the United States Government, through its military officer, as a scout and guide; that he always understood and believed that said Williams was faithful in the discharge of his said duties; and further, that he has always understood and believed that said Williams was so employed from the time affiant first knew him until the close of the war.

Affiant further states that he does not know whether said Williams has been paid for such service, or not.

M. F. WILLIAMSON.

Sworn to and subscribed before me this 21st day of March, 1874, by the said M. F. Williamson, whom I believe to be respectable and credible, and I have no interest in this matter.

Witness my hand and official seal.

ISAAC MORRISON,
United States Commissioner.

DISTRICT OF COLUMBIA,
Washington County:

On this 9th day of April, A. D. 1874, personally appeared before me, Nicholas Callan, a notary public in and for said District and county, William W. Jackson, a resident of Saint Louis, Missouri, who, being duly sworn according to law, deposes and says that he was the commanding officer of First Mississippi Mounted Rifles in the service of the United States during the year 1863 until the close of the rebellion; that as such commanding officer I employed James G. Williams as scout and guide during the years 1863 and 1864. Subsequently he was employed as scout and guide by General A. J. Smith in his march to Oxford, Mississippi; and also in his march from Fort Gaines to Spanish Fort and Mobile, Alabama, from whence, as I was informed, he acted as scout and guide for General A. J. Smith in his march to Selma and Montgomery, Alabama.

I personally know that he was continually employed in the service as scout and guide from February, 1864, to the capture of the Spanish fort at Mobile, Alabama.

He lost his horse and equipments at the time of his capture by Henderson scouts, under Forrest's command. He also lost his horse on General A. J. Smith's expedition to Oxford, Miss., together with all his equipments, on which occasion he was dangerously wounded, one of the wounds penetrating his breast. This occurred near Holly Springs, Mississippi, during the month of August, 1864. In addition to his verbal order he had private written authority from General C. C. Washburn, per hand of Adjutant-General William H. Morgan, thereby establishing his connection with the United States military authorities, to prove his identity in case of emergency. I further certify that his life has been imperiled by constant attacks of hemorrhage of the lungs, produced by the wound received in his breast. This is my information from the physicians who have attended him during these attacks. I also state that his services were efficient and effectual, and that he had the confidence of those with whom he served as a brave and reliable man, and proved himself as such on all occasions. In justice to the petitioner, I will say that I am always ready to give my testimony before any tribunal in substantiation of the justness of his claim for the valuable services rendered, and loss of his property as charged.

WILLIAM W. JACKSON,
Late Capt. and O. S. Comds. First Mississippi Mounted Rifles.

Sworn and subscribed before me this ninth day of April, A. D. 1874.

N. CALLAN,
Notary Public.

The following statement of Hon. J. P. C. Shanks, member of Congress from Indiana, is submitted as showing the character and services of the claimant:

Let this certify that I was, in the years 1863 and 1864, acquainted with James G. Williams, who was at that time a scout in the service of the United States in the States of Tennessee, and Kentucky, and Mississippi.

Williams was on duty with the command with which I was at the time, and also the command under me. Mr. Williams was a very efficient and worthy scout, reliable and brave.

Respectfully,

J. P. C. SHANKS.

Certificates are also submitted from physicians and surgeons, two of whom served in the United States Army during the late war, establishing the fact that the hemorrhage of the lungs was caused by the presence of a foreign body in that organ. The following certificate establishes this fact:

MEMPHIS, TENN., May 11, 1874.

I have this day examined James G. Williams, and find that the lower half of his left lung and a portion of the middle lobe of the right lung is diseased, the nature of the diseased parts being one of partial hepatization, and of loss of lung-substance, brought on, as I believe, from the presence of a foreign body in the organ. He suffers greatly from periodical hemorrhages from the lung, causing great prostration, and consequent unfitness for labor.

W. J. ARMSTRONG, M. D.

Sworn to and subscribed before me this 11th day of May, 1874, by the said W. J. Armstrong.

Witness my hand and official seal.

ISAAC MORRISON,
United States Commissioner.

Your committee are satisfied, from the evidence, that the claimant served as a scout and guide during the period for which compensation is claimed; that he was wounded while in the line of duty, from which he has never recovered, and that he has received no compensation for the service rendered since February 3, 1864. They therefore report the accompanying bill for his relief appropriating \$2,500 as full compensation for services rendered the United States as scout and guide during the late war, and for one horse killed in battle while the said Williams was in the line of duty, and recommend its passage.

The history of the American people is a story of struggle and achievement. It is a story of the founding of a new nation, of the growth of a great empire, and of the pursuit of a better life for all. The story begins with the first settlers, who came to this land in search of freedom and opportunity. They found a land of vast resources and a people of diverse backgrounds. They worked together to build a new society, one that was based on the principles of liberty and justice for all. The story continues through the years of exploration, discovery, and expansion. It is a story of the brave men and women who risked their lives to open up new lands and to bring the benefits of civilization to the people of the world. The story ends with the present day, when we stand on the shoulders of our ancestors and look out over a land that is more beautiful and more prosperous than ever before. The history of the American people is a story of hope and dreams, of the pursuit of a better life for all. It is a story that inspires us to strive for a better future, one that is based on the principles of liberty and justice for all.

MRS. ELIZA POTTER.

MARCH 3, 1875.—Ordered to be printed.

Mr. KELLOGG, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 4888.]

The Committee on War-Claims, to whom was referred the petition of Mrs. Eliza Potter, having considered the same, report:

That the petitioner is the widow of L. T. Potter, deceased, of Charleston, S. C., and a former resident of Evanston, Cook County, Ill.; that she resided with her late husband in the city of Charleston until 1871, and that her husband had resided in Charleston, previous to his removal from that city in 1871, for about thirty-three years, his native city being Providence, R. I., to which place he returned, and there died in 1872.

The petitioner represents, and the proof fully sustains the allegation, that at the outbreak of the rebellion herself and husband were in affluent circumstances, her late husband being reputed worth \$500,000, the petitioner owning about sixty thousand dollars in her own right. She further represents that at the breaking out of the war her husband and herself espoused the cause of the Union, and continued loyal to the Government of the United States throughout the entire war, and never, in any way or manner, aided the rebellion; that in the month of May or June, 1862, a large number of soldiers of the United States Army were brought as prisoners of war to the city of Charleston, having been wounded in an attack on Lamar's battery on James Island, the petitioner obtaining permission from the confederate authorities in charge of the Mart Hospital, on Queen street, where the prisoners were confined, to visit them; that she did so visit them; aided in dressing their wounds; furnished them with clean underclothing and outer garments; supplied them with money, food, blankets, and mattresses, and did everything in her power to render them as comfortable as men in their situation could be made. She has preserved a list of these wounded prisoners upon whom she first attended, together with their regiments and places of residence, which is submitted to the committee in proof.

From May, 1862, onward during the entire war, she cared for the wounded and sick soldiers of the United States Army who were brought to Charleston, making daily visits to the hospitals where they were confined, and sometimes had as many as fifty wounded soldiers under her care at a single time, and there were under her care in the hospitals at Charleston during the war several hundred wounded Union soldiers, and in supplying them with the articles necessary for their comfort, and

in many cases to preserve their lives, the petitioner expended a large amount of her own and her husband's money; how much she thus expended she is now unable accurately to state, but from the best estimate she can now make she believes she thus expended more than \$40,000, having paid upward of nineteen thousand dollars of her own money in caring for the first lot of prisoners whose names are contained in the list above referred to. The petitioner further represents that she continued ministering to the wounded and sick Union soldiers until the latter part of the year 1864, when the confederate authorities refused to allow any further visits to the wounded prisoners in the hospitals, and although her husband and herself made every effort to procure a revocation of the order referred to, they were unable to accomplish it, by reason of a strong public feeling which had by that time been aroused in Charleston against her husband and herself on account of their well-known Union sentiments and sympathy with the Government of the United States and its soldiers. It appears further, that her late husband expended large sums of money for the benefit of Union soldiers confined as prisoners in Charleston, Columbia, and Florence, exceeding in amount the sum of \$100,000, and during that time aided many Union soldiers to escape from imprisonment in Charleston and Columbia to the lines of the Union Army, where they were restored to the service of the Government, and that these large expenditures by her husband and herself were principally in gold or its equivalent.

It appears that during the time when the petitioner and her husband were doing all in their power to alleviate the sufferings of Union soldiers confined in the prisons and hospitals of South Carolina, they did it freely and voluntarily, without hope or expectation of re-imbursement, doing this noble work out of their zeal for the Union cause, and as a matter of charity, not expecting that with their abundance they should ever be reduced to want. But the war reduced them almost to poverty. Her husband met with heavy losses. Valuable mills situated near Charleston, and docks and store-houses in Charleston, were burned, and certain property which her husband had sold, investing the proceeds in cotton which was stored at Florence and at Sumter, amounting in all to over five hundred bales, was burned by the confederate army retreating before General Sherman, and after the surrender of Charleston some Union troops, under command of General Potter, made a raid on Sumter and burned the cotton there. A bill for Mrs. Potter's relief, appropriating the sum of \$20,000, was reported from the Senate Committee on Claims in the second session of the Fortieth Congress, by Senator Howe, and passed the Senate on the 14th of July, 1868, and at the close of that session was taken from the Speaker's table and referred to the House Committee on Claims, from which it was not reported back.

Your committee refer to the Senate report No. 157, second session Fortieth Congress, which embraced the statement of Mr. Frederick R. Jackson, formerly a sergeant in the Seventh Regiment Connecticut Infantry, who lost his left arm in the attack on Fort Lamar on June 16, 1862. The statement was made June 18, 1868, Jackson then being a clerk in the Treasury Department. His statement is quite full as to details, which are unnecessary to be given, but it corroborates those made by the petitioner, it appearing that Mrs. Potter's son met his death through injuries received from visiting the hospitals and attending to the wants of Union soldiers. The concluding paragraphs of the Senate report referred to are herewith given, as follows:

The petitioner concedes that the Government is not legally liable, either for her services, her charities, or her losses; she never expected any compensation for either.

And although she found her family at the close of the war reduced from affluence to poverty, it was no part of her purpose to ask any recognition from the Government of the sacrifices she had made, or of the sacrifices to which she had been subjected. Her trust was that business would return to Charleston with peace, and that with returning business the fortunes of her husband would revive. That hope has been disappointed, and she now feels compelled, by necessity, to ask of the Government some return for what she and her family have done and suffered.

The loyalty of the petitioner and her husband, and the excellence of their personal characters, are approved by Senators who have known them for years, and by many prominent citizens who have enjoyed the same advantage, and some of whom reside in this city, and some elsewhere.

The tireless diligence displayed by Mrs. Potter in her care of our sick and imprisoned soldiers is attested by a voluminous correspondence submitted to your committee, to which correspondence such soldiers and their friends in different portions of the country are parties.

The committee are of opinion that the Government cannot undertake to make return for all the individual charities by which the history of the late war is distinguished, nor to make compensation for all the property destroyed in the prosecution of that war. But, considering the munificence with which the petitioner voluntarily ministered to the necessities of the nation's soldiers when they were in distress, the committee think it would befit the generosity of the nation to relieve her necessities now that she and her family are in distress, more especially since that distress has been in part occasioned by the national forces.

Your committee have carefully examined the evidence presented in support of the petition of Mrs. Potter and find it sustains all her allegations. It appears further, that Mr. Potter's death was hastened by the loss of his property reducing him to penury, and that he died under very distressing circumstances, having lost his reason through pecuniary troubles. Your committee fully concur with the sentiment expressed in the Senate report, that while the Government cannot undertake to make return for all the individual charities by which the history of the late war is distinguished, yet considering the munificence with which the petitioner voluntarily ministered to the necessities of the nation's soldiers when they were in distress, your committee think it would befit the generosity of the nation to relieve her necessities now that she and her family are in distress, more especially since that distress has been in part occasioned by the national forces.

Your committee are of opinion that the sum of \$20,000 would be no more than a proper amount to bestow upon Mrs. Potter in recognition of her noble work; but considering the numerous demands of this character upon the nation's bounty, and the condition of the national Treasury, they believe that the sum of \$10,000 is a proper amount to recommend as payment to Mrs. Potter, and they therefore report the accompanying bill, appropriating that sum, and recommend its passage.

ISAAC TAYLOR.

MARCH 3, 1875.—Ordered to be printed.

Mr. KELLOGG, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 2319.]

The Committee on War-Claims, to whom was referred the bill H. R. No. 2319, having considered the same, report:

That this bill is one to adjudicate the losses incurred by Isaac Taylor, owner of the bark Alvarado, of Boston, Mass.

The particulars upon which this claim is founded are more fully set forth in the statement of Gardner C. Whiting, the master of said bark, duly sworn to before a United States commissioner, together with the statement of his wife, Mary Eleanor Whiting, herewith appended and marked A and B respectively.

A.

UNITED STATES OF AMERICA,
District of Massachusetts:

BARK ALVARADO, OF BOSTON.

I, Gardner C. Whiting, of Boston, on my oath do say that I am a citizen of the United States, aged fifty-two years, and that I was master of the bark Alvarado, of Boston, on her last voyage. I further say that said bark was a registered vessel of the United States; George Thomas, of Quincy, personally known to me, being the registered owner, and Isaac Taylor, of Boston, also personally known to me, being the charterer for the voyage. The voyage on which I sailed was to Cape of Good Hope and back. The said bark sailed from Boston February 3, 1861, and arrived at Cape of Good Hope April 30, I think, without any deviations. After discharging outward cargo, I took in a cargo for Boston. G. S. Holmes & Co. were the shippers. My copy of bills of lading which I gave and the manifest and other papers afterward were destroyed, in the manner hereafter to be related, and at present I can only state from memory as to the contents of the cargo. I think it was seventy-five tons iron, (scrap,) three tons of old copper, four hundred and fifty bales wool, (unwashed,) three hundred and fifty bundles hides, fifteen thousand goat-skins, fifteen thousand sheep-skins, twenty-five bales of buchuleaves, twenty barrels argols. After obtaining a clearance and the other legal papers and certificates from the United States consul in due form, the bark sailed, June 3, 1861, from Cape Town, at said Cape of Good Hope, on her return voyage to Boston, to which port the cargo was consigned. My instructions from Mr. Isaac Taylor were to receive a cargo which I should find provided for me at Cape Town and bring it to Boston. The original letter was destroyed with the other ship's papers, as will hereafter be related, as also was the log-book of the ship. On the 21st of July, 1861, the bark was in about latitude $25^{\circ} 30'$ and longitude 61° west; a vessel in sight was noticed about 5 o'clock a. m. standing toward us; at half past 6 a. m. she crossed bows and then stood along with us, and hoisted the English flag; shortly afterward she fired a shot across our bows, and then hauled the English flag down and ran up the confederate flag. Being entirely within the range of her guns, I hauled up my mainsail and luffed up into the wind. We were then boarded by a dozen men, well armed, from the privateer, the commanding officer, Mr. Postel, saying to me that my vessel was a prize. I asked by what authority; he replied by the authority of that big gun and of Jefferson Davis. He then went on to say that there was war declared between the North and the South

and demanded my papers. I gave him the vessel's papers and the manifest of the cargo, and he sent them on board of his vessel for the captain's inspection. This was the first intimation which I had received of a war having broke out.

I was then informed by Mr. Postel that our captor was the Jefferson Davis, a brig commissioned as a privateer by the Confederate States, and commanded by Captain Coxeter. The flag hoisted by the brig when she fired, and which at that time was unknown to me, I now learn was the flag of the Confederate States, who had lately seceded from the United States of America. I was kept in suspense for two hours waiting for the decision of Captain Coxeter, at the end of which he sent his boat with a prize-crew, consisting of eight men, on board, with orders for the crew of the bark to put their things in the boat and go on board of the brig, and with permission for myself and my wife and the cook, George Ellet, to remain on board. This was done. They also took what provisions they chose from the ship—four or five barrels of beef and pork, one barrel of flour, and some tea and small stores; they did not break into cargo at all at that time. The prize-master then set sail and steered away to the westward. Nothing material occurred until the morning of August 5 at daylight; espied a sail to leeward, distant ten or twelve miles. Supposing her to be a man-of-war, the prize-crew made all haste in toward the land, expecting to make it out every moment. At half past 7 the land was in sight, and the supposed man-of-war gaining on us evidently. At half past 10 o'clock a. m. the bark was run on shore, the man-of-war being distant four or five miles. Previous to her grounding, the prize-master had got the boat over the side, all ready for leaving as soon as she took the bottom, and he asked me if I would like to go in the boat with him; this I declined. We were going about four knots when we struck on a sandy bottom. The sea was quite smooth, and the prize-crew immediately left in the boats, taking nothing belonging to the bark with them. We were distant from the channel into Saint Mary's, Ga., about two miles, and were abreast of Amelia Island. Immediately after they left I hoisted the American flag, union down, and then tried to get the sails aback by bracing the yards up, but the wind blowing so directly on to the shore we could not succeed. The man-of-war was then beating up within the distance of three miles, and showing the American flag. Shortly after, we saw the boat of the prize-crew returning from the shore toward us. They came alongside, and two citizens from the shore jumped on board and said, "We want you to go on shore." There were about eight men in the boat, part or them being of our former prize-crew.

I asked if we could take our private property, and they answered me no. We were then hurried very unceremoniously into the boat, and they cut the halyards of the American flag and took it on shore with them, but took nothing else out of the vessel. We were then taken on shore; my wife was taken up to the town of Fernandina, one and a half or two miles from the landing, and the steward and myself kept under guard on the beach. The prize-master then volunteered to return to the bark and get the private property and baggage of myself and wife and bring it on shore. He got half-way out in a boat, when, seeing boats coming from the man-of-war, he returned without accomplishing his object. When I left the bark she was on an even keel, and on my arriving at the shore I discovered that it was low-tide. Within three-quarters of an hour after I got ashore I observed that the bark was afloat again and drifting along the shore with the flood-tide. The man-of-war had beat up to windward of the bark and anchored about two miles off, before she came afloat, and then lowered three boats, who pulled toward the bark. The bark had drifted a mile or more when they got on board of her, and was then stationary, as if she had taken the bottom again. After they boarded her they set all sail, hoisted the American flag, squared the yards in. She was then heading nearly directly on shore, and within fifteen minutes from their boarding her I observed smoke rising from the deck of the vessel, and immediately after the boats left the bark and pulled back to the man-of-war, who got under way and ran down to them as they pulled out into deeper water. She hoisted in her boats and stood off the shore. The people on shore said the man-of-war was the United States sloop Vincennes. She appeared to me to be a sloop-of-war. The bark commenced burning about half past three o'clock in the afternoon. When I left her at half past eleven or twelve o'clock she was not on fire. The cabin was on deck, and the crew that boarded us last, before I left, did not go below nor were they out of our sight while in the cabin. I am confident she was not set on fire by any one prior to our leaving her. I saw no indications of fire until after the man-of-war boats boarded her. The Alvarado drew about fourteen feet ten inches of water on the day she was destroyed. The Alvarado burnt all that afternoon and night, and on the next morning she had burnt down below the between-decks.

And then the prize-master and crew went out to her and scuttled her to put out the fire. They succeeded in extinguishing it, and saved from the wreck, as the prize-master told me, sixty-two bags wool, some skins, and a little copper. I saw part of these on shore afterward. When I left the bark she was beyond the range of the guns at the fort at the mouth of the Saint Mary's River, nor did she afterward drift within their range. When the man-of-war boats were pulling along to leeward for

the bark, two 6-pounder guns were brought down to the beach and fired about a dozen shots at the boats, who were within range. The ammunition gave out before the boats reached the bark, and no shots were fired at the bark at all. I have followed a seafaring life for thirty-three or four years, and it appeared to my judgment practical for the three boats and their crews to have got the bark off after they boarded her by getting out an anchor, especially as the tide was still rising and as they made sail on her to crowd her on faster before they left her. I am not able to say with certainty whether when they reached her she was afloat or not. I know she had ceased to drift, and probably was touching. I also say that, in my judgment, if the man-of-war boats had been sent to my assistance when I first hoisted the signal of distress, the bark and her cargo could certainly have been saved. So far as the position of the bark was concerned, I have not been able to see any reason for burning her without an effort to save her. I think they could have saved her. There was no other boat upon the beach than the Alvarado's, in which we had landed, and none other to be got or had, and none in sight at the time of the burning of her. The bark Alvarado was of three hundred tons burden; built in 1845; in good repair, sound and strong; coppered in January, with sails and furniture nearly new, and was worth \$10,000. The value of the cargo I do not know. The prize-master retained and took on shore with him the ship's register, crew-list and articles, and the manifest of her cargo. Her log-book, duplicate bills of lading, and everything else were left on board, and were either burnt or taken possession of by the man-of-war men. I have never heard of them since I left. The steward, George Ellet, accompanied me as far north as Baltimore, where he remained. I have not heard of him since I left there. I and my wife were retained at Fernandina, Fla, seven days as prisoners, when the collector of that port sent us and the steward, in charge of Captain Mason, to Richmond, Va., where he got new passes from the confederate authorities and took us on to Norfolk, Va., whence we were sent under a flag of truce to Fortress Monroe, where we arrived August 19, 1861; and further says not.

GARDNER C. WHITING.

Be it remembered that on this day of September, in the year of our Lord one thousand eight hundred and sixty-one, before me, the subscriber, a commissioner of the circuit court of the United States for the district of Massachusetts, duly appointed to take bail and affidavits in civil causes and for other purposes, came Gardner C. Whiting, who, being by me duly sworn, made solemn oath that the foregoing deposition by him signed is true to the best of his knowledge and belief. Witness my hand and seal.

CHAS. LEVI WOODBURY. [SEAL.]

I certify that the foregoing is a true copy of the original in my possession.

CHAS. LEVI WOODBURY,

Commissioner Circuit Court.

B.

UNITED STATES OF AMERICA,

District of Massachusetts :

I, Mary Eleanor Whiting, residing in Boston, and the wife of Gardner C. Whiting, late master of the bark Alvarado, on her voyage from Boston to the Cape of Good Hope and back to Boston, but captured on her return voyage by the privateer Jefferson Davis, on my oath do say that I accompanied my husband on the said bark Alvarado from Boston to the Cape of Good Hope, and that we sailed from Cape Town June 3, 1861, with a cargo of wool, skins, and other matters. I further say that, on the 21st of July, about half past 6 a. m., I saw a sail about two miles off. She soon came across our bow and then fired a shot across our bow. We partially hove to. She had no flag when I first saw her. Shortly after she hoisted the English flag, and, at the same time she fired, she hauled down that and hoisted another flag, which at the time I did not know. I have since learned that it was the Confederate States flag. She then sent her boat on board, with about twelve men in it. One said he was the captain of the marines of the privateer Jefferson Davis; the other said he was first lieutenant of her; his name was Postel. As soon as the first lieutenant came on board he asked for the captain. My husband stepped forward. He then said to him that the vessel was a prize. Captain Whiting asked by what authority. Mr. Postel replied, "By the authority of that big gun and of Jefferson Davis." I also state that, as the boat came alongside of us, the officer in command hailed the bark to haul down that flag and heave the ship to. His words were, "Haul down them colors and heave," &c. We had the American flag flying at the time; it was set immediately after we saw the English flag of the privateer. After Mr. Postel stated his authority on the deck, Captain Whiting asked him if war was declared. He replied yes. This was the first I had heard of this outbreak of hostilities. Mr. Postel demanded the papers of the ship. After a little hesitation they

were given to him and were then sent on board the Jefferson Davis. I don't know what papers they were. I saw Captain Whiting take them from the place where they were usually kept (a writing-desk) and hand them to these two officers who had followed him into the cabin for the purpose of receiving them.

In about two hours the papers were returned from the privateer, and a prize-crew of eight men, including a prize-master, Mr. Hay, came on board and took possession of the bark. All our crew were taken out, except the steward and my husband and myself were allowed to come on in the vessel. Mr. Postel and his party, after taking out a quantity of our provisions and small-stores, leaving us only enough to carry us into port, left the vessel. They did not open the hold or examine the cargo; they asked its probable value. The prize-master said our destination was Saint Mary's, Georgia, and we steered in that direction. The next day they cut up a small American flag and made a confederate flag, as they called it. Mr. Postel, while on board, said to me that they had a commission of letters of marque from Jefferson Davis. I further say that, on the morning of the 5th of August, I went on deck at 6½. They were examining a sail to leeward from aloft. About 8 o'clock, as she got closer, they decided that she was a man-of-war. About 7 o'clock the lookout reported that he sighted land. About 8 o'clock I saw both the vessel and the land from the deck. The sea was quite smooth, and as we were going with a slight breeze, about three or four knots, toward the land, several light-houses were in sight. Soon after the prize-crew commenced to make preparations to lower their boat; they packed up their things and got fully ready to leave the ship. They then waited till she struck, when they immediately left the ship in their boat. They said nothing to us about going, that I know of. As soon as the prize-crew left, my husband, the steward, and myself commenced trying to back the yards, and then we raised the American flag, union down. I should say we were not over two miles from the shore, and the man-of-war was about three and a half miles to the leeward, with a flag flying, and working up toward us. We still continued trying to get her off till we saw the boat coming back from the shore toward us.

It was about half past ten when we struck. The boat came alongside, and four men from the shore and part of the prize-crew were in her. They told me to get ready to go ashore, and hurried us out of the vessel, giving us no time to get my things. I had my hat on when they came on board, and they gave me no time to get anything. Some one brought a cloak and put on my shoulders while they were adjusting the rope round me to lower me into the boat. One of the persons in the boat said to me, "Come madam, make haste, you see that," pointing toward the sloop-of-war. They then pulled toward the shore with us. They took nothing from the ship that I saw, and touched nothing. I am convinced they did nothing to destroy the ship; their only object seemed to secure us three as prisoners, and they seemed to fear that they had not time for that purpose, and urged their speed as they pulled. When we reached the beach I remained only about five minutes, and was then taken to the town of Fernandina, to the residence of the Hon. Mr. Yulee—distant about two miles from the place where we landed—and did not see the ship again till I saw the smoke of her some hours afterward. When we landed I saw no boat but the one we came on shore in, the bark's boat. I saw no guns on the beach; no fort in sight. A large crowd of people were on the beach; citizens from the town, in plain dress; many had muskets. I think it was about twelve o'clock when we landed; the man-of-war had not then anchored. It was said at the town that the man-of-war was the Vincennes. About half past four o'clock I went up into the cupola of a high house in Fernandina, in company with a young lady resident there, and saw the bark burning in the offing. The Vincennes was also in sight, and seemed to be about two miles from the vessel. It was the current report of Fernandina that the man-of-war boats had set her on fire. Afterward I saw some skins laid out to dry, which had been taken from the wreck. We were afterward conveyed to Richmond and Norfolk, and surrendered under a flag of truce at Fortress Monroe, as related in my husband's deposition. Neither my husband or myself saved any of our private property or baggage; his instruments and some small things were all left when we were brought on shore, and I have never seen them since; presume they were destroyed by fire. And further says not.

MARY ELEANOR WHITING.

Be it remembered that on this fifth day of September, in the year of our Lord one thousand eight hundred and sixty-one, the subscriber, a commissioner of the circuit court of the United States for the district of Massachusetts, duly appointed to take bail and affidavits in civil causes and for other purposes, came Mary Eleanor Whiting, above signed, who, being duly sworn, made solemn oath that the foregoing affidavit by her signed is true.

Witness my hand and seal.

CHAS. LEVI WOODBURY. [SEAL.]

I certify that the foregoing is a true copy of the original in my possession.

CHAS. LEVI WOODBURY,
Commissioner Circuit Court U. S., Dist. of Mass.

In corroboration of the foregoing statements are submitted letters from Commander Charles Green, commanding United States sloop-of-war Jamestown, dated August 6 and 7, and marked C and D respectively.

C.

UNITED STATES SLOOP-OF-WAR JAMESTOWN,
Off Fernandina, August 6, 1861.

SIR: I have to report the destruction by fire of the American bark Alvarado by the boats of this ship on the afternoon of the 5th instant.

The bark was chased ashore by this ship and abandoned by her crew near the entrance of the Saint Mary's River. The boats were sent, under the command of Lieutenants Flusser and Pythian, with the marine-officer, Mr. Houston, Assistant Surgeon Cleborne, Midshipman Tyson, Acting-master Chisholm, and Boatswain Long.

The orders were to get her afloat if possible; if not, to burn her. The latter alternative was forced upon them, as, while advancing toward the bark, a number of pieces of artillery (three or four) opened a cross-fire upon them, against which they steadily advanced; opposed also by wind and tide for about half a mile, when the bark was reached and the United States ensign hoisted without the loss of a man, although the enemy's guns were within less than a mile, and two of them supposed to be rifled. The vessel proved to be the bark Alavardo, of Boston, J. G. Whiting, master, bound from Cape Town to Boston with a cargo of sheep-skins, goat-skins, and buck-skins, hides, and about seventy tons of iron; also wool.

She was a prize to the privateer Jefferson Davis, captured on the 20th July in latitude 25° 4' north, longitude 50° west.

Nothing was saved except the captain's instruments and some letters, journals, &c. I will send a more detailed account by the first opportunity.

The want of a pilot was very sensibly felt.

I have the honor to be, respectfully, your obedient servant,

CHARLES GREEN,
Commander.

Flag-Officer SILAS H. STRINGHAM,
Commanding Atlantic Blockading Squadron, Hampton Roads, Virginia.

The above letter was received September 10.

D.

UNITED STATES SLOOP-OF-WAR JAMESTOWN,
Off Fernandina, August 7, 1861.

SIR: In compliance with your order of the 13th instant, I left the blockade of Savannah on the 3d, and on Monday morning, the 5th, we were off this place.

As we were running in for the light a strange sail was discovered inshore of us standing along the land, with a fair wind, toward the entrance of the port. This ship was close-hauled on the port tack, with all plain sail set, the wind light. As the vessels converged, the stranger being close to the entrance of the channel and this ship about four miles to the eastward and a very little to leeward, he suddenly ran his vessel upon the southeast side of the shoal making out from the light-house point, lowered his boat, which was already hanging over the side, and abandoned her with all hands.

Immediately after she struck people began to collect near by on the beach, to the number of, perhaps, two hundred, and soon after we saw them dragging down several pieces of artillery. At this time it became necessary for this ship to tack, in order to get to the southward of the shoal. After getting to windward it was very doubtful if we could get the stranded vessel within range of our guns, as the soundings are not laid down inside of seven fathoms, and, having no pilot on board, I did not feel justified in running the ship much inside of that depth, knowing that the water shoals very suddenly in this vicinity. It was finally determined to take a position as near as the safety of the ship would admit, come to anchor, and send the boats to get her off or destroy her.

Had time allowed, I could have sent a boat to take soundings, but the tide was flood, the weather squally, with showers of rain, and the chances were that if we allowed her to remain in her present position for the night she would be lightened of part of her cargo and floated round into the harbor by the people on shore, she being only about five-eighths of a mile from the beach and nearly three miles from this ship. We accordingly came to anchor, and the boats were got out and placed under the com-

mand of Second Lieutenant Flusser, in the launch, armed with the light 12-pound howitzer. The other officers in the launch were Lieutenant Houston, of marines, Assistant Surgeon Cleborne, and Boatswain Long. The crew consisted of 17 men, armed with Sharps rifles, muskets, and revolvers, also 8 marines. The third lieutenant, Mr. Phythian, went in charge of the first cutter, with Acting Master Chisholm, 16 men, and 5 marines, armed in the same manner. The fourth cutter was placed in charge of Midshipmen Tyson, with a crew of 12 men, armed with muskets and revolvers. The party was furnished with means for setting her on fire.

Mr. Flusser's orders were to go in and reconnoiter the vessel, and, if abandoned, or if but a small force was on board, to board her, and, if possible, to get her off, but otherwise to burn her; and not to run the risk of being overpowered by enemies from shore.

The boats left the ship about 3 p. m.; the tide was strong flood, (and the bark had already begun to move in her bed,) and swept them up to the northward. When within half a mile of the wreck, the artillery, which had been placed so as to direct a cross fire, opened upon them, against which they steadily advanced for half an hour or more, opposed also by wind and tide, when they leaped aboard the prize and ran up the American ensign. At this time the firing ceased from the shore, their ammunition having apparently given out, and was not renewed until they left, when one or two shots more were fired.

The firing was thought to have been from rifled pieces, and was good in range and line, but, by skillful management and the mercy of Providence, neither boats nor crews were injured.

The boarding party had scarcely reached the bark before the smoke of a steamer was seen, and soon the steamer appeared coming out with the evident intention of cutting off the boats. I therefore made signal of recall, lifted our anchor, and ran in near enough to the entrance of the harbor to bring the steamer within range of our guns as she came out. The smoke soon told that the bark was on fire, the boats left her, and the steamer, after coming nearly within range, turned and went back.

The bark was completely destroyed, as nothing but her stern-post was in sight the morning after. She proved to be the American bark *Alvarado*, of Boston, from Cape Town, bound to Boston. Her log-book shows that she was captured in latitude $25^{\circ} 4'$ north, longitude 50° west, by the privateer *Jeff. Davis*, and that her cargo consisted of wool, sheep-skins, goat-skins, buck-skins, and about 70 tons of iron. A few articles only, belonging to the captain, were saved, together with some letters and papers, all of which, together with the log-book and private journal of the captain's wife, from which most of the information regarding the capture, &c., is taken, are forwarded herewith.

I have the honor to be, respectfully, your obedient servant,

CHARLES GREEN,
Commander.

Flag-Officer S. H. STRINGHAM,

Commanding Atlantic Blockading Squadron, Hampton Roads, Virginia.

Your committee are of opinion that the claimant is fairly entitled to have determined by the proper legal tribunal the question of the liability of the Government to make compensation for the losses alleged by him to have been sustained by reason of the acts of United States officers. It is alleged by the claimant that the reason of his not presenting his claim to the Court of Claims when he had the right so to do was on account of the advice of his attorney, the late William Whiting, of Massachusetts, that the Government was pecuniarily embarrassed; that the necessity for the vigorous prosecution of the war requiring all the means it could obtain for that purpose, rendered it proper for patriotic citizens for the time being to defer the prosecution of claims of this character till the war had closed, and the Government, relieved of its embarrassment, could then adjust these losses more satisfactorily to both itself and claimant.

Your committee are of opinion, as before stated, that this is a proper case for reference to the Court of Claims, where the right of appeal on the part of the Government lies to the Supreme Court, and accordingly report back the bill and recommend its passage.

WAR-CLAIMS OF NEW MEXICO.

MARCH 3, 1875.—Ordered to be printed.

Mr. KELLOGG, from the Committee on War-Claims, submitted the following

REPORT :

[To accompany bill H. R. 1505.]

The Committee on War-Claims, to whom was referred the bill (H. R. 1505) authorizing the Secretary of War to ascertain and report the amount necessarily expended by the Territory of New Mexico in organizing, equipping, and maintaining the militia forces during the late rebellion, having considered the same, report :

That, by virtue of General Order No. 72, dated War Department, Adjutant-General's Office, Washington, D. C., September 3, 1861, soldiers were enlisted in New Mexico for the purpose of acting in concert with, and in aid of, the United States Government troops in the suppression of the rebellion, and were assigned to duty under orders of General Canby, then lieutenant-colonel, commanding the Department of New Mexico. It appears by an order issued by General (then lieutenant-colonel) Canby in 1861, that several companies of New Mexico infantry and cavalry were ordered to rendezvous at various points in that Territory, and to repel an armed force from the State of Texas which had taken possession of two forts within the limit of the Territory, appropriating property of the General Government, and establish military rule over the forces invaded. The governor of New Mexico issued his proclamation on the 9th of September, 1861, ordering an immediate organization of the militia forces in the different counties of the Territory, and calling for all officers, civil and military, to begin at once the said organization; which proclamation is filed with this report, with the order of Colonel Canby, and other papers.

It has been shown to your committee that, in pursuance of said proclamation, several regiments of troops were organized and rendered efficient aid in repelling said invasion, and that the Territory incurred the expense of the same, for which it has not been re-imbursed as pledged in the General Order No. 72 of the War Department already quoted. Congress has re-imbursed the Territory of Colorado for a similar expenditure, and your committee are of opinion that the Territory of New Mexico is entitled to similar re-imburement. They therefore report back the accompanying bill as a substitute for H. R. No. 1505, and recommend its passage.

STATE OF NEW YORK

Albany, 1884.

Printed by the State Printer, Albany, 1884.

REPORT

(To the Senate and Assembly)

OF THE
COMMISSIONER OF THE
GENERAL LAND OFFICE
FOR THE YEAR 1884.

ALBANY: PUBLISHED BY THE STATE PRINTER, 1884.

THE COMMISSIONER OF THE GENERAL LAND OFFICE, in presenting this report to the Senate and Assembly, has the honor to acknowledge the assistance and cooperation of the various departments of the State, and particularly of the Department of the Interior, in the collection and compilation of the statistics and facts contained herein.

The report is divided into two parts: the first part contains a general statement of the condition of the State Land Office, and the second part contains a detailed statement of the operations of the office during the year.

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MARTHA J. COSTON.

MARCH 3, 1875.—Ordered to be printed.

Mr. LAMISON, from the Committee on Naval Affairs, submitted the following

REPORT:

[To accompany bill H. R. 4867.]

The Committee on Naval Affairs, to whom was referred the claim of Mrs. Martha J. Coston, respectfully report:

That Mrs. Coston is the widow of Benjamin F. Coston, the inventor of the signal-lights which for years have been adopted and used in the United States Navy.

That in view of the great value of this invention and system, which Mrs. Coston had spent years in perfecting, Congress in 1861 purchased from her the patent for said signal-lights and the full right to manufacture and use the same.

The sum appropriated for this purpose by the House was \$30,000, but in the Senate this amount was reduced to \$20,000, although the immense importance of the invention was conceded in the debate. (See vol. 45 Cong. Globe and Appendix, 1861, p. 462; also, act of June 5, 1862, Stat. at Large, vol. 12, p. 315.)

At the request of the Navy Department, Mrs. Coston agreed to manufacture these signal-lights for the use of the Navy—an agreement which she faithfully carried out until the close of the war, devoting much of her time to the supervision of the matter. The price to be paid was \$4 50 per set of 12 signals.

Gold, however, soon rose, and with it the prices of labor and every article entering into manufactures. Mrs. Coston, as is fully shown to your committee, made constant efforts by letter and in person to obtain an increase of the amount allowed her for these signals. This demand was met by the statement that she had contracted or agreed to furnish them for \$4.50 per set.

The Navy Department had made the attempt to manufacture these lights and failed, the cost also being greater than the price paid to Mrs. Coston.

To have refused to go on with their manufacture would have deprived the Government of a great service; she therefore continued to manufacture and furnish them, constantly pleading for the allowance of an increase, as her correspondence with the Navy Department proves. Hon. William Faxon, formerly Assistant Secretary of the Navy, in a letter to Mrs. Coston, dated January 15, 1875, says: "It was the universal testimony of the officers of the Navy that the signals were of the greatest possible service—indispensable, in fact—and always thought that you were very patriotic in continuing to furnish them at gold prices,

taking pay in largely-depreciated paper. After the patent was purchased an attempt was made to manufacture the signals in the navy-yard, but they cost more than your prices."

By section 69, act of July 1, 1862, (vol. 12 Stat. at Large, p. 460,) it was provided that the taxes on all articles manufactured and sold in pursuance of contracts made before the passage of said act should be paid by the purchasers thereof; and by section 97, act of June 30, 1864, (vol. 13 Stat. at Large, p. 273,) every person who shall have made any contract prior to its passage is empowered to add to the price "so much money as will be equivalent to the duty so subsequently imposed on the articles." Mrs. Coston applied to the Navy Department for the addition to her bills of the taxes and duties she was required to pay upon the manufacture of these lights. There she was met by the letters of the Ordnance Officer, to the effect that there was no written contract with her upon which she might claim the benefit of the acts above quoted.

Your committee are of the opinion that the Government cannot escape its liability by such a plea. If there was no continuing contract, then she had an undoubted right to increase the price of her signals or refuse to furnish them any longer. If, on the other hand, the agreement with Mrs. Coston was in effect a contract, she is entitled under the strict letter of the law to add to the price of the signals so much money as will be equivalent to the manufacturers' tax and the duties subsequently imposed upon said articles.

By a letter from Capt. William N. Jeffers, Chief of the Bureau of Ordnance of the Navy Department, it appears that 100,000 sets of these signals were furnished by Mrs. Coston to the Navy Department during the war.

About the time of its close, even when prices had fallen, the Department recognized the justice of Mrs. Coston's demands by paying to her one dollar more per set for the signals thereafter furnished by her.

At a like rate for those delivered by her previously, \$100,000 would be due to her. The manufacturers' tax, with the additional duties upon the articles which entered into the manufacture, it is estimated, would reach \$20,000 additional.

Upon a review of all the facts, your committee recommend an appropriation of \$15,000 to Mrs. Coston, to be accepted by her in full of all claims and demands for the manufacture of the said Coston signal-lights and their use by the Government.

Any less sum would scarcely do justice to the equitable claim of Mrs. Coston above fully set forth. Hon. Gideon Welles, then Secretary of the Navy, wrote her on December 5, 1865: "During the recent rebellion these signals were of incalculable service." Vice-Admiral Porter, in a letter of March 29, 1870, said: "They are the very best ever invented." Rear-Admiral Joseph Smith, on May 23, 1870, wrote her: "The service you have rendered reflects the highest praise upon your patriotism, ability, and perseverance."

These services, in the opinion of your committee, received but a small return in money for the results attained by the use of the Coston signal-lights, and a fair construction of the law amply justifies the payment of the amount recommended to be paid Mrs. Coston.

CHERRIE M. LEVY.

MARCH 3, 1875.—Ordered to be printed.

Mr. MORRISON, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 1731.]

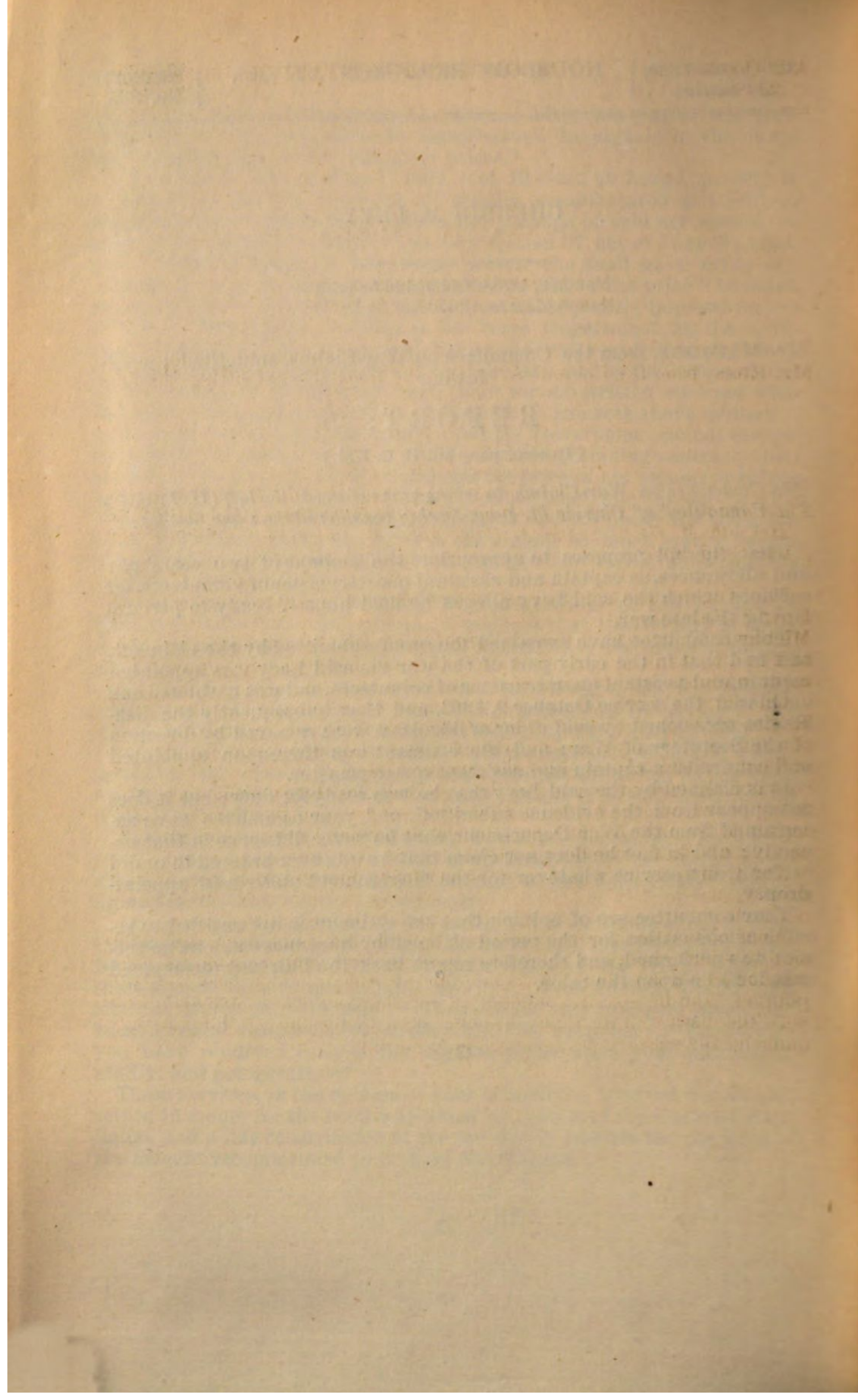
The Committee on War-Claims, to whom was referred the bill (H. R. 1731) for the relief of Cherrie M. Levy, having considered the same, report:

That the bill proposes to appropriate the amount of two years' pay and allowances, as captain and assistant quartermaster of volunteers, for services which the said Levy alleges he held himself ready to perform during the late war.

Your committee have examined the proof submitted by the claimant, and find that in the early part of the war the said Levy was appointed captain and assistant quartermaster of volunteers, and was cashiered and dismissed the service October 9, 1863, and that subsequently the disabilities occasioned by said order of dismissal were removed by direction of the Secretary of War; and the claimant was thereupon appointed and confirmed a captain and assistant quartermaster.

It is claimed by the said Levy that he was ready for duty; but it does not appear from the evidence submitted, and your committee have ascertained from the War Department, that he never did serve in that capacity; and in fact he does not claim that he was ever ordered to or did perform any service whatever for the Government under said appointment.

Your committee are of opinion that the claimant is not entitled to receive compensation for the period claimed by him, inasmuch as no service was performed, and therefore report back the bill, and recommend that it do lie upon the table.



HANNAH M. DALEY.

MARCH 3, 1875.—Ordered to be printed.

Mr. RUSK, from the Committee on Invalid Pensions, submitted the following

R E P O R T :

[To accompany bill H. R. 4889.]

The Committee on Invalid Pensions, to whom was referred the petition of Hannah M. Daley, widow of Capt. John M. Daley, have examined the same and report :

That the evidence in this case shows that John M. Daley entered the United States service as first sergeant, Company D, Seventh Regiment Michigan Volunteers, August 22, 1861, and that he was appointed captain in the Mulligan Regiment November 11 following, and the appointment was approved by Governor Austin Blair.

On March 1, 1862, he was ordered to recruit a company for the Third Regiment Berdan's United States Sharp-Shooters, and left the State on the 20th of the same month, and on the 7th of May following he was obliged, by sickness, to leave his company, then at Yorktown, Va.; was confined for months to his bed with chronic diarrhea, which, the testimony shows, attacked him in September, 1861, on the march from Washington to Poolesville, and from which he partially recovered before receiving his appointment as captain.

The evidence shows that this disease continued and took the form of dropsy, and he died March 13, 1866, leaving a widow and three small children.

Your committee believe that the widow should receive the same pension to which she would be entitled had her husband received his commission as captain, that being the rank to which he had been duly appointed; and he was in command of his company when stricken down with the disease, from which he never recovered; and we therefore recommend the passage of the accompanying bill.

JAMES ATKINS.

MARCH 3, 1875.—Ordered to be printed.

Mr. LAZARUS D. SHOEMAKER, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 3961.]

The Committee on Claims, to whom was referred the bill (H. R. 3961) for the relief of James Atkins, late collector of internal revenue for the fourth collection-district of the State of Georgia, respectfully submit the following report:

Your committee find that the said James Atkins is indebted to the Government in the sum of \$14,819.33, and that \$4,000 of said amount was stolen by one Luther B. Brady, a deputy collector. Brady was appointed deputy collector upon the recommendation of Hon. Columbus Delano, then Commissioner of Internal Revenue, who wrote to Collector Atkins, under date of June 1, 1869, as follows:

I have a friend, a very worthy young man, who is strongly urged for the position of collector or assessor in Georgia, that I would be glad to have appointed deputy collector at Atlanta, unless there is some good reason why you cannot appoint him.

Will you give this prompt attention, and reply by telegram?

Upon the receipt of this letter, Collector Atkins, who knew of no good reason for denying the request of the Commissioner, appointed Brady deputy collector. He (Brady) presented an official bond, in the usual form, with good and sufficient sureties. Because of the high testimonials of character which he (Brady) presented, he was trusted by the collector, who had no reason to doubt his honesty.

In April, 1870, however, he (Brady) neglected to account for (\$4,000) four thousand dollars that he had collected. The collector demanded the money, which Brady failed to pay. He was arrested at the instance of Collector Atkins, but gave bond and failed to appear for trial, thereby forfeiting the bond. Collector Atkins subsequently employed detectives, and had Brady arrested in Chicago and brought back to Atlanta for trial, when he again gave bonds. It also appears that Brady, in some way, gained access to Collector Atkins's private papers, and abstracted the bond he had given as security for the faithful performance of his duties as deputy collector. Suit was brought in the District of Columbia by said Atkins, where the bondsmen reside, to establish a copy of the bond of Brady, which he had abstracted, as before stated. The suit failed because the parties who were supposed to have signed the bond testified that they had never signed any such bond.

Your committee further find that \$8,007 of said amount was stolen by one Michael S. Wheelan, a deputy collector under said Atkins. Wheelan, who had been a Union soldier during the late war, was regarded as a man of high character when appointed, as appears from the

affidavits of several respectable citizens, which are now on file with your committee. Collector Atkins made commendable efforts, and used due diligence, to recover the money and punish Wheelan, but failed; and as Wheelan is now dead, there is no hope of recovering the money. When Wheelan was appointed deputy collector he gave a bond, in the usual form, with good and sufficient sureties. Suit has been brought on said bond by Collector Atkins, but he has failed to make the money on the same. After the exercise of due diligence, and as the sureties are now insolvent, it will be impossible for him to realize anything in the suit.

Your committee further find that the balance, (\$2,812.33,) two thousand eight hundred and twelve dollars and thirty-three cents, is due as uncollected taxes from parties who are insolvent, and Collector Atkins has been and is unable to collect the money from said parties, though due diligence appears to have been used.

Your committee therefore report that the sum of \$14,819.33 was lost without the fault or neglect of the said Atkins, and they recommend the passage of said bill.

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ROMAN CATHOLIC CLERGYMEN OF MARYLAND.

MARCH 3, 1875.—Ordered to be printed.

Mr. A. HERR SMITH, from the Committee on War-Claims, submitted
the following

REPORT:

The Committee on War-Claims, to whom was referred the petition of the corporation of Roman Catholic clergymen of Maryland, having had the same under consideration, report:

That the claim is for use and occupation of the property of said corporation, situated in Charles County, Maryland, known as "Saint Thomas's Manor," by United States forces during the late war.

The items of the claim are as follows:

THE UNITED STATES,	
TO THE CORPORATION OF ROMAN CATHOLIC CLERGYMEN,	DR.
To use and occupation of farm, wharf, store-house, warehouse, granary, blacksmith shop, and stable, by Scott's 900 Cavalry, September 15, 1862; Colonel Maulsby's First Maryland Home Brigade Infantry, June, 1863; Col. Graham Purnell's Legion, 1864; a detachment of Veteran Reserve Corps, under Lieutenants Laferty and Gates, in April, 1865; Sheridan's Dismounted Cavalry, under Colonel Fitzsimmons, (General Bartlett commanding the district,) from April, 1865, to June, 1865, for a period of four (4) years, at \$3,000 <i>per annum</i>	\$12, 000 00
To the cost of seeding, plowing, and cultivating (including the price of seed) of the crops injured and destroyed by United States troops.....	2, 200 00
To repairing store-house and warehouse.....	775 00
To actual damage to 800 locust and walnut trees by being barked and girdled, thereby killed, at \$2 each.....	1, 600 00
To 70,000 rails, used by Sheridan's cavalry, at \$40 per thousand.....	2, 800 00
To 9,000 rails, used by "Scott's 900" as fire-wood, at \$40 per thousand....	360 00
To 2,000 feet fence-paling, at \$12 per thousand.....	24 00
To 72 cords of fire-wood, at \$4.....	288 00
To 3,000 feet hemlock fence-boards, at \$15 per thousand.....	45 00
To 15,000 feet of pine scanting, at \$12 per thousand.....	180 00
To 1,000 laths, at \$3 per thousand.....	3 00
To 400 large locust and cedar posts, at 50 cents each.....	200 00
To 500 feet clear white-pine boards, at \$35 per thousand.....	17 50
To 750 cords of wood standing, at \$2.50 per cord.....	1, 875 00
To 1,100 bushels of wheat, at \$2 per bushel.....	2, 200 00
To 588 bushels of rye, at \$1.15 per bushel.....	676 20
To 432 bushels of oats, at 75 cents per bushel.....	324 00
To wheat-straw consumed by cavalry, 60 acres.....	71 50
To rye-straw consumed by cavalry, 71 acres.....	38 21
To oat-straw consumed by cavalry, 24 acres.....	40 00
To 4,400 bundles of blade-fodder, at 2½ cents.....	100 00
To 120 acres of clover, (2 tons to the acre,) at \$20 per ton, exclusive of cutting and curing.....	4, 800 00
 Total quartermaster's stores.....	 <u>30, 617 41</u>

Subsistence stores.

To 550 pounds of tobacco, taken by the troops, at 6 cents per pound.....	\$33 00
To 2 oxen, (weight, 1,400 pounds,) at 4 cents per pound.....	56 00
To 91 hogs, (weight, 3,850 pounds,) at 10 cents per pound.....	385 00
To 20 sheep, (weight, 1,200 pounds,) at 10 cents per pound.....	120 00
To 6 bacon-hams, 90 pounds, at 20 cents per pound.....	18 00
To 250 bushels potatoes, at 75 cents per bushel.....	187 50
	799 50
Grand total.....	31,416 91
Deduct cash received from Treasury Department in August, 1867.....	2,053 57
Leaves a balance due of.....	29,363 34

The claim was presented to the Third Auditor in 1866, who, under date of July 20, 1867, reported the case to the Acting Second Comptroller, recommending payment of \$4,970.68, which officer, under date of August 16, 1867, overruled the opinion of the Third Auditor, and reduced the allowance to the sum of \$2,053.57, which amount was duly paid said corporation in that month.

It will be seen from the items of the claim that the larger portion of it is for the occupation of the farm, wharf, store-house, &c., by Scott's 900 Cavalry; subsequently by a detachment of the Veteran Reserve Corps of dismounted cavalry, the said occupation covering a period of four years, for which the sum of \$3,000 per annum is charged. The remaining items of the claim are mainly for rails, fencing, wood, timber, stores, and supplies, for which taking the Third Auditor had jurisdiction to allow. The review of the Third Auditor's report by the Second Comptroller, whose action is final in the case, covers the ground so fully, that your committee deem it proper to present it in full, and it is therefore given herewith:

TREASURY DEPARTMENT,
SECOND COMPTROLLER'S OFFICE,
August 7, 1867.

SIR: I have examined the papers filed in the claim of the corporation of the Roman Catholic clergymen, and concur with the Auditor that the evidence is insufficient to establish the fact of loss and damage as alleged.

The only portion of the claim which, according to the precedents of similar settlements and the construction of the law for the adjustment of claims, can properly be estimated and allowed by the accounting-officers is for use and occupation.

The Auditor, upon this basis of settlement, allows for three years, at 6 per cent. upon a valuation of the property at \$21,000.....	\$3,780 00
Taxes for same period	415 68
Cost of repairs to buildings	775 00

Total	4,970 68
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The actual occupation began September 15, 1862, and ended June 19, 1865, 2 years 9⁴/₁₀ months. I consider that this period only should be paid for, because, in the probable event of a settlement and payment for the damages incurred, a double payment would be made for a portion of the claim, if the period of three years should now be computed in the settlement.

Neither do I think that the valuation of \$21,000 adopted by the Auditor should take the place of the valuation as assessed by the local authorities for the purposes of taxes.

This valuation is \$14,875, and the rate of 5 per cent. upon this amount for the use and occupation of the property recommended by the Quartermaster's Department seems, in my opinion, to be just and proper.

The proximity of claimant's property to the enemy's lines, the fact of its occupation by national troops in order to protect the people of that locality and maintain the authority of the Government, are causes sufficient to explain the fact that real estate in that section of the country during the above period greatly depreciated in value, and the annual market-rental thereof likewise in corresponding ratio diminished.

Five per cent. of the valuation is, therefore, I think, a very liberal percentage, and should include the taxes.

As rent for 2 years 9⁴/₁₀ months, at 5 per cent. per annum on the assessed value of the property, at \$743.75 per annum, from September 15, 1862, to June 19, 1865, \$2,053.57. An account for the above amount may be stated in favor of the said corporation. The papers in the case are herewith returned.

Very respectfully, your obedient servant,

J. W. SMITH,
Acting Comptroller.

Hon. JOHN WILSON,
Third Auditor.

Your committee see no occasion to re-open the case, believing that it has had careful and thorough examination by the accounting officers of the Treasury Department. The opinion of the Second Comptroller seems to be correct, and your committee concur therein.

They accordingly report back the petition and accompanying papers, and ask that they do lie on the table.

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THE HISTORY OF THE
CITY OF BOSTON
FROM THE FIRST SETTLEMENT
TO THE PRESENT TIME
IN TWO VOLUMES
BY NATHANIEL BENTLEY
OF THE BARRISTER AT LAW
IN THE SUPREME COURT OF JUDICATURE
IN THE COUNTY OF MIDDLESEX
LONDON: PRINTED BY J. JOHNSON, ST. PAULS CHURCH-YARD, 1733.
IN TWO VOLUMES.
THE FIRST VOLUME.
CONTAINING THE HISTORY FROM THE FIRST SETTLEMENT
TO THE YEAR 1630.
THE SECOND VOLUME.
CONTAINING THE HISTORY FROM THE YEAR 1630
TO THE PRESENT TIME.
LONDON: PRINTED BY J. JOHNSON, ST. PAULS CHURCH-YARD, 1733.

WILLIAM D. STRYKER.

MARCH 3, 1875.—Ordered to be printed.

Mr. JAMES WILSON, from the Committee on War-Claims, submitted the following

REPORT:

[To accompany bill H. R. 4840.]

The Committee on War-Claims, to whom was referred the petition of William D. Stryker, of New Jersey, having had the same under consideration, report :

That the said William D. Stryker was, during the late war, a paymaster in the United States Army, appointed thereto the 19th February, 1863; that in the spring of 1865 he was ordered to Columbus, Ohio, as senior officer in charge of payments to paroled prisoners at Camp Chase and to Ohio troops mustered out and discharged at Todd Barracks. The funds necessary for the disbursement to a large number of soldiers concentrated at Columbus was all received by the said Stryker from the chief paymaster at Cincinnati. It appears from the statement of the claimant, which is established by satisfactory evidence, that on the 14th of July, 1865, Major McKeon, paymaster United States Army, brought from Cincinnati, in the mail-bag, locked by the postmaster at Cincinnati and opened by the postmaster at Columbus, the sum of \$460,000, which amount the said McKeon deposited to his credit at the First National Bank of Columbus; that he subsequently reported himself to the said Stryker, and the amount so deposited was checked out by Stryker for use the next morning. It further appears that these funds were delivered to Major McKeon in sealed packages. The claimant represents that being unable to leave his office, on account of pressure of duties, he ordered Major Scovel, paymaster, to procure a carriage and with his clerks draw the amount from the bank and bring it to his office under guard; that the said Scovel presented the check at the bank and received the funds according to mark placed on packages, and that he paid over the amounts so received to the said Stryker, and these funds the claimant alleges were paid out to paymasters at the post, in the same sealed packages as he received them, and that the said paymasters receipted for them as they were marked on the wrappers. He further states that after this distribution Maj. Dudley W. Rhodes, a paymaster, informed him (Stryker) that the package turned over to him (Rhodes) was short \$500; that he (Stryker) saw Rhodes count over the package and found that in one bundle marked \$5,000 there were but nine bundles, each containing \$500, (one hundred \$5 bills,) when there should have been ten; that Major Rhodes asked him to make it good,

which he did, and that he had to take \$500 of his own personal funds to do so. Major Stryker then demanded that the First National Bank of Columbus make good the deficiency. This the bank refused to do, and Major Stryker sued it, but was beaten in the suit, on the ground that the amount deposited was a "special deposit."

Your committee believe the decision erroneous, insomuch as a special deposit is not liable or subject to check—a well-recognized rule and principle in the financial world, and, it may be added, according to long-established practice.

The claimant submits to the committee, in addition to his own sworn statements, the affidavits of Majors McKeon, Scovel, and Rhodes, and P. W. Huntington, the teller of the First National Bank of Columbus. These affidavits sustain the statements of Major Stryker, and, in the judgment of your committee, establish the fact that the loss sustained by him did not arise from any want of prudence or diligence on his part, but from circumstances beyond his control. He has closed his accounts with the Government, many millions of dollars having passed through his hands, without the loss of a dollar to the Government.

Your committee believe him entitled to receive from the Government the same consideration accorded other officers under similar circumstances, and to that end report the accompanying bill appropriating \$500 for his relief, and recommend its passage.

PENSIONS.

MARCH 3, 1875.—Ordered to be printed.

Mr. RUSK, from the Committee on Invalid Pensions, submitted the following

REPORT:

[To accompany bill H. R. 674.]

The Committee on Invalid Pensions, to whom was referred the bill (H. R. 674) which provides that all pensions on account of death, wounds received, or disease contracted in the service of the United States since March 4, 1861, which have been granted, or which shall hereafter be granted, on application filed previous to January 1, 1875, shall commence from the date of death or discharge, and for the payment of the arrears of pension, having had the same under consideration, submit the following report:

The act of July 14, 1862, provided that pensions should commence on the day of discharge where the application was filed within one year after the date of said discharge, otherwise to commence on the day of filing the application. This was repealed by the act of July 4, 1864, and time for filing the application was extended to three years from date of discharge or death. This act in turn was repealed by that of July 27, 1868, extending the time to five years; which is now the law in force upon this subject.

Your committee further find, from data furnished by the honorable Commissioner of Pensions, taken from the records of the Pension Office, that at the date of June 30, 1873, the total number of pensioners on the rolls was 238,411; out of this number 224,074 have received pension back to date of death or discharge, leaving 14,337 who would be benefited by the provisions of the bill, and of those to be benefited 5,581 are widows and minor children, the remainder, 8,756, being invalids.

It is estimated by the Commissioner of Pensions that it will take to pay the arrears of pension in these cases \$9,684,445; and of this sum \$3,000,000 will be required for the fiscal year 1875-'76, \$4,000,000 for the year 1876-'77, and \$2,684,445 for the year 1877-'78. This is believed by the committee to be an over rather than an under estimate.

The Commissioner further states that there were dropped from the rolls 9,870 during the last fiscal year, and that the percentage of loss on the rolls on account of death, remarriage, and expiration of the pension to minors, was four and one-seventh per cent.

From the facts and figures found it is shown that over nine-tenths of all those pensioned have received the full amount of pension due them back to date of death or discharge; and your committee fail to perceive any rule of right or justice that should debar the lesser number from

receiving equal benefits of the nation's proffered bounty, merely from the fact of their not having made application within a prescribed time, and more especially when it is found that the omission to apply within the time required was in most cases from ignorance of the law, or desire not to become a burden upon the Government while there was a hope for recovery from the ills that the service had entailed upon them.

Therefore your committee report favorably upon the bill, and earnestly recommend its passage.

The following letter of the Commissioner gives the estimates of the Pension Bureau:

DEPARTMENT OF THE INTERIOR, PENSION OFFICE,
Washington, D. C., February 26, 1874.

SIR: In accordance with your request, I have the honor to state that under the provisions of the proposed law to extend the period for making applications for pensions from five years after discharge, or after the date when the right accrued, to January, 1, 1875, the number of pensioners now on the rolls that would be benefited thereby and the amount to be paid is estimated as follows:

Eight thousand seven hundred and fifty-six invalids, amount of arrears....	\$5,262,291
Five thousand five hundred and eighty-one widows and others, amount of arrears	4,422,154

Since the passage of the act of July 27, 1868, limiting the period to five years within which applications must be made to entitle parties to have their pensions commence when the right accrued, there have been received from July 1, 1868, to June 30, 1873, as follows:

From invalids.....	75,273
From widows and others.....	82,852

Total applications for five years.....	158,125
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In October, 1871, the number of invalids on the rolls was 93,235; of them 77,149 were disabled by wounds, including amputations from whatever cause, and 15,816 by disease.

Invalid applications filed so long after discharge from their military service are properly more rigidly scrutinized than those previously presented, and more or less of them are found to have been disabled anterior to enlistment, or was not received in the line of duty. More of them would be rejected as not entitled for these causes, and others are rendered doubtful from the obscure origin of the disability, such as hernia, hemorrhoids, ulcerations, disease of the kidneys &c.

There were on the pension-rolls June 30, 1873, as follows:

		Losses from the rolls during the year.
Invalids, (Army and Navy).....	101,234	2,171
Widows, minors, and dependent relatives, (Army and Navy)...	113,858	5,463
Survivors of the war of 1812.....	18,266	2,020
Widows of the war of 1812.....	5,053	216
Total on the rolls and of losses.....	238,411	9,870

The losses during the last fiscal year are composed of deaths, remarriages, and expiration of the pensions to minors, and will probably be somewhat larger the present fiscal year.

The percentage of loss to the rolls from above causes is four and one-seventh per cent.

Very respectfully, your obedient servant,

JOS. LOCKEY,
Acting Commissioner.

Hon. J. S. MARTIN,
House of Representatives.

MARY A. McCOMB.

MARCH 3, 1875.—Ordered to be printed.

Mr. DOBBINS, from the Committee on Patents, submitted the following

REPORT:

[To accompany bill H. R. 1150.]

The Committee on Patents, to whom the petition of Mrs. Mary A. McComb was referred, beg leave to report:

The petitioner is administratrix of the estate of her husband, David McComb, late of Memphis, Tenn. She asks that she may be authorized to renew the application made by her husband in May, 1850, and October, 1856, for patents for bale-ties in the same manner as he could have done any time prior to the expiration of the limitation of the patent law of 1870.

In support of her petition she has furnished the committee with reasonable proof that her said husband was an inventor of a non-elastic bale-tie. This proof is found in the former application, official documents, and affidavits of citizens of Memphis of the best character and standing. From these it appears that her said husband spent some three years in perfecting the invention embodied in said application of 1850; that in spite of his strenuous efforts he was unable to induce the Commissioner to allow a patent, notwithstanding he continued his efforts until he made application again in 1856 for a modification of some patterns of said invention; and afterward, until the breaking out of the rebellion in 1861, he devoted his time and means to the introduction of his invention into general notice and use. The aforementioned affidavits are full upon all these points. Said affidavits are made by men of undoubted character for veracity and business ability. These testimonies show clearly that said McComb was a frugal, industrious, and temperate man, and that his time for many years was devoted to the introduction and perfection of the invention. It appears by said affidavits he died in the spring of 1864, of small-pox, contracted in waiting on sick soldiers in the hospitals, leaving a widow and a family of five small children without any means of support. It appears that neither he in his life-time nor his widow or family since have derived any remuneration from this important invention. This tie is now in general use, and is found to save, as is alleged, about \$1 per bale when used instead of the rope-tie heretofore in general use. It appears that since his death the Patent Office granted, prior to 1871, numerous patents for similar inventions, without considering the right vested by law in said rejected application. It also appears that said administratrix has not parted with any right or interest in said invention, and that it was not until recently, and long after the limitation of the statute of 1870,

that she had knowledge of the value of said invention. This invention appears to be peculiarly an American invention, and is useful in its way as others which have a much higher place in fame.

The petitioner appears to us to have made out a case peculiarly meritorious and full of equity, and as a matter of mere justice we see no reason why the request should not be granted, and would respectfully report the accompanying bill, &c.

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GEORGE W. BRADLEY.

MARCH 3, 1875.—Ordered to be printed.

Mr. DUNNELL, from the Committee on Claims, submitted the following

REPORT:

[To accompany bill H. R. 1061.]

The Committee on Claims, to whom was referred the bill (H. R. 1061) for the relief of George W. Bradley, have had the same under consideration, and respectfully report :

The claimant asks for one hundred dollars as bounty for service in the late war, and for value of clothing destroyed by fire in Baltimore hospital.

The following letter from the office of Adjutant-General will show the nature of the claim :

ADJUTANT-GENERAL'S OFFICE,
Washington, April 9, 1872.

SIR: In reply to your communication of March 29, 1872, I have to return herewith petition of Geo. W. Bradley, who, it appears from the records of this office, was enrolled and mustered into service August 9, 1862, as private Company H, One hundred and twenty-first Pennsylvania Volunteers, to serve three years; was sent to hospital October 30, 1862, and discharged at Baltimore, Md., February 5, 1863, on surgeon's certificate of disability, by reason of "chronic rheumatism, not incident to, but aggravated by, service." Following remark also appears in this connection on the certificate of disability: "Was admitted into hospital with paralysis of all his limbs. He is evidently superannuated and too much enfeebled for service, and says he is 54 years of age."

This man having been discharged, before serving two years, for disability other than injuries received in line of duty, is not entitled to \$100 bounty under the law.

There is no law under which a soldier can be paid the money-value of clothing lost in the service.

I am, very respectfully, your obedient servant,

E. D. TOWNSEND,
Adjutant-General.

CHAIRMAN COMMITTEE ON CLAIMS,
House of Representatives.

Your committee report back the bill and recommend that the same do not pass.

NICHOLAS WHITEHALL.

MARCH 3, 1875.—Ordered to be printed.

Mr. EAMES, from the Committee on Patents, submitted the following

REPORT:

[To accompany bill H. R. 667.]

The Committee on Patents, to whom was referred the petition of Nicholas Whitehall for leave to apply to the Commissioner of Patents for extension of letters-patent granted to him, submit the following report:

The patent which the applicant seeks to have extended was issued on the 27th day of October, 1857, and is described as being an improvement of a double cultivator, the middle of which is elevated to pass over the corn, with a compound evener suspended upon three points and so arranged as to bring the draught square against the shoulders of the horses, causing the plows to run as lightly and evenly as a single plow.

The committee find from the evidence that the said Nicholas Whitehall was, at the time of the granting of his patent, a poor man, and that he has remained so ever since; that he lived on a small farm in the country, and had built thereon a small wagon and work shop; that he divided his time between his shop and cultivating his farm, by which to procure subsistence for a large family; that at said shop he made about 100 of said improved cultivators during the time his patent run, and sold a few county and one shop right to manufacture said machines, from all of which he has not derived, by over a thousand dollars, the amount which he has expended in developing his invention and introducing it into use.

The said Whitehall made application in time for an extension, but, on account of his inability to meet the expenses, was not able to be personally present at Washington. The evidence produced before the Commissioner, upon application for an extension, was based upon the work which this class of implements performed and the saving effected by the invention of the straddle-row cultivator, instead of being confined to the invention claimed in the patent, namely, "providing a double cultivator, the middle of which is elevated to pass over the corn, with a compound evener suspended upon three points and arranged as described for the purpose set forth." The rules of practice in the Patent-Office require testimony to "distinguish carefully between the specific devices covered by the claims of the patent and the general machine in which these devices may be incorporated." By reason of not having complied with this rule, and for want of a complete statement of receipts and expenditures on account of the patent, the extension was refused. The evidence before the committee shows that Mr. Whitehall was misinformed as to the

nature of proof as to the value of his invention required by the rules of the Patent-Office, and by mistake based the estimate of value not upon the specific devices covered by the claims of his patent, but upon the value of the general machine in which those devices were incorporated, and that said Commissioner of Patents decided against said extension on the grounds above named, and none others; and that he did not learn of the rule of the Patent-Office until by law it was too late to apply for a rehearing in said case.

His only course was to apply for relief to Congress; and, having applied by bill, in the last session of the House, he could get no hearing on account of the shortness of the session and the amount of prior business before the Committee on Patents.

The evidence also shows that the said Whitehall was the first and original inventor of the improvement for which letters-patent were granted to him in 1857; that the same is a valuable invention; that said patentee had used diligence in endeavoring to procure the introduction of said invention; that said Whitehall is now the absolute owner of said invention; and that he made no assignment of the same, except the one-half to his brother; that he was compelled to make this assignment in order to procure means to make his application to Congress for the extension of his patent, not having the means of his own to do so, but that his brother has in no way derived any benefit out of said invention.

The committee think that said Whitehall was deprived of a full and fair hearing on his said application for extension; that his improvement is a useful and valuable one, saving much of the expense of cultivating corn and other growing crops; and that he had not derived a reasonable remuneration for the benefits which his invention has conferred on the public.

Upon this statement of facts, the committee are of opinion that the petitioner ought to be allowed another hearing before the Commissioner of Patents for an extension of his patent, granted October 27, 1857, and for that purpose recommend the passage of the accompanying bill.



SAMUEL A. KNOX.

MARCH 3, 1875.—Ordered to be printed.

Mr. EAMES, from the Committee on Patents, submitted the following

REPORT:

[To accompany bill H. R. 1599.]

The Committee on Patents, to whom was referred the application of Samuel A. Knox, of the city and county of Worcester, in the State of Massachusetts, for leave to apply to the Commissioner of Patents to extend letters-patent issued to him for improvement in plows, submit the following report:

Letters-patent were granted to said Knox on the 14th day of October, 1856, for a period of fourteen years. The invention for which this patent was issued was made while Mr. Knox was in the employ of Ruggles, Nourse, Mason & Co., who claimed the right, as the invention was made while the inventor was in their employment, to the use of the invention. Mr. Knox, supposing such right to exist, made an agreement with the said firm to sell this invention, in connection with a hoe-patent, for the sum of three thousand five hundred dollars, and in pursuance of such agreement sold the patent to said firm for said sum of money. Prior to the sale, but subsequent to the agreement for sale, other parties offered Mr. Knox for said invention the sum of twenty thousand dollars, but, believing himself bound by reason of being an employé of said firm to dispose of said invention to said firm, refused to sell or assign the same to any other person or firm.

Upon an application of said Knox to the Commissioner of Patents, made within the time and as required by law, for an extension of his patent, the Commissioner refused to grant an extension, giving as a reason that he was constrained to say, by the statement of the applicant, he had thrown his invention away, and that if he had not received ample remuneration for it he had no one but himself to blame.

It appears from the evidence that the demand for the plow constructed according to this patent was large, and that the price of such plows has not been reduced since the expiration of the patent. This patent is for the construction of mold-boards for plows upon mathematical principles, so that when the character of the soil in which the plow is to be used is given, the shape and configuration of the mold-board can be determined. This method of determining the shape of the mold-board is a saving of time and expense in making experiments upon such mold-boards, as usually done before the invention of Mr. Knox, to the extent of from one dollar to three dollars on each plow.

Mr. Knox filed his petition in Congress for leave to apply to the Commissioner of Patents at the earliest opportunity after the adverse decision of the Commissioner herein referred to.

The committee, upon the evidence, are of opinion that Mr. Knox believed himself in honor bound to carry out the agreement which he made with said firm, and that the amount which he received in the sale of his patent under such agreement is not a reasonable reward for the benefit which his invention has conferred upon the public.

The committee therefore recommend the passage of the accompanying bill.

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ROBERT E. BRYANT.

MARCH 3, 1875.—Ordered to be printed.

Mr. COBURN, from the Committee on Military Affairs, submitted the following

REPORT:

[To accompany bill H. R. 4892.]

The Committee on Military Affairs, to whom was referred the petition of Robert E. Bryant, submit the following report:

In this case the petitioner, Robert E. Bryant, late captain and commissary of subsistence, volunteers, United States Army, claims pay for services performed by him as such officer, from the 7th day of October, 1861, to the 2d day of February, 1862, inclusive.

It appears from evidence submitted to the committee, that in the month of September, 1861, the said Robert E. Bryant was notified by Brig. Gen. Lew. Wallace, then in command of troops at Paducah, Ky., that he, Bryant, had been appointed on the staff of General Wallace, as commissary of subsistence, with the rank of captain, and directed to report at once for duty; that the said Bryant immediately proceeded to close up his business as railroad-express agent, at Crawfordsville, Ind., and, on reporting for duty at Paducah, was placed on the staff of General Wallace as commissary of subsistence, on the 7th of October, 1861, in which position he continued to serve until the close of the war. Owing to an error, his commission as captain was dated to commence on the 3d day of February, 1862, instead of being dated on the 7th of October, 1861, the day on which he entered on the discharge of his duties as commissary of subsistence. In a statement made under oath on the 20th of January, 1875, the petitioner says, "that from the 7th day of October, 1861, when assigned to duty by Brig. Gen. Lewis Wallace, until the 3d of February, 1862, although all the time in the service of the United States, he received no compensation whatever from the United States Government, but had to pay for his subsistence and other expenses incident to his position as an officer, from his own means; and that at no time since has he ever received any pay or other compensation for such service."

The statements made by Captain Bryant, in relation to his position and services between the 7th of October, 1861, and the 3d of February, 1862, are supported by the affidavit of General Lew. Wallace, of the 1st of September, 1874. The claim for compensation for these services has been rejected by the War Department, on the ground that the petitioner, Bryant, was not recognized by the Department as captain and commissary of subsistence, prior to February 3, 1862.

In view of the evidence before the committee in reference to the claim of Robert E. Bryant, they believe that he faithfully performed the duties for which he asks compensation; that he never received any pay for the discharge of those duties, and that he is justly entitled to the relief which he asks from Congress. The committee, therefore, beg leave to report the accompanying bill, and recommend its passage.



House documents

Bd.: [279,7.] 1874/75 = Congress 43, Sess. 2

Washington, DC 1875

Am.b. 3040-279,7

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